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Globalisation and the Critique of Political Economy

New insights from Marx's writings

Lucia Pradella



A fresh and rich reading of capitalist modernity's most important thinker. This book shows why those who dismiss Marx as 'just another Eurocentric thinker' are fundamentally mistaken.

William K. Carroll, *Professor of Sociology, University of Victoria, Canada*

Contemporary globalisation is an intensely contested process, both intellectually and politically. In this important book Lucia Pradella traces the contradictory development of a non-Eurocentric understanding of the emerging capitalist world economy from the sixteenth century onwards. Her use of Marx's unpublished notebooks, currently appearing in the new *Marx-Engels Completed Works (MEGA²)*, helps to make this a study of exceptional value that throws new light on the construction of *Capital*.

Alex Callinicos, *King's College London, UK*

This is a timely and original book. It draws on classical political economy using Marx's recently published manuscripts to shed new light on his evolving approach to globalisation and internationalisation of capital, historical and contemporary debates on globalisation, and Eurocentrism and the role of the state.

Dimitris Milonakis, *University of Crete, Greece*

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Globalisation and the Critique of Political Economy

The nature of the contemporary global political economy and the significance of the current crisis are a matter of wide-ranging intellectual and political debate, which has contributed to a revival of interest in Marx's critique of political economy. This book interrogates such a critique within the broader framework of the history of political economy, and offers a new appreciation of its contemporary relevance.

A distinctive feature of this study is its use of the new historical critical edition of the writings of Marx and Engels (*MEGA*²), their partially unpublished notebooks in particular. The sheer volume of this material forces a renewed encounter with Marx. It demonstrates that the international sphere and non-European societies had an increasing importance in his research, which developed the scientific elements elaborated by Marx's predecessors.

This book questions widespread assumptions that the nation-state was the starting point for the analysis of development. It explores the international foundations of political economy, from mercantilism to Adam Smith and David Ricardo and to Hegel, and investigates how the understanding of the international political economy informs the interpretations of history to which it gave rise.

The book then traces the developments of Marx's critique of political economy from the early 1840s to *Capital* Volume 1 and shows that his deepening understanding of the laws of capitalist uneven and combined development allowed him to recognise the growth of a world working class. Marx's work thus offers the necessary categories to develop an alternative to methodological nationalism and Eurocentrism grounded in a critique of political economy.

This book is essential reading for anyone interested in the development of Marx's thought and in the foundations of International Political Economy.

Lucia Pradella works at the University Ca' Foscari Venice, Italy and is Research Associate, SOAS, University of London, UK.

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Acknowledgements

This work is the result of many years of research on the traces of Marx's own research. It started in Venice, with my first study of Marx's *Capital* and of his articles and writings on colonialism and pre-capitalist societies, *L'Attualità del Capitale* (2010). There I advanced the hypothesis that, in his main work, Marx does not examine a national economy, but a polarizing and ever-expanding international system. Contrary to what is usually argued, Marx systematically integrated an analysis of colonialism and imperialism in *Capital*.

It was therefore very exciting to discover the central place that the world market and pre-capitalist societies had in Marx's studies. Working at the Berlin-Brandenburg Academy of Sciences and Humanities in the summer of 2007, I came to know the fourth section of the new historical-critical edition of Marx's and Engels's writings (*MEGA*²) – a heritage of incalculable importance for tracing the genesis and evolution of their analysis of capitalist globalisation, and one which is still largely unexplored. This is what I set out to achieve, albeit very partially, in this book.

Without the determination of Gianfranco Borrelli, my PhD supervisor at the University of Naples Federico II, the research presented in this book would not have been possible. I would like to give my heartfelt thanks to him and Jacques Bidet, my co-supervisor at the University of Paris 10 Nanterre, for their support and the freedom they gave me during my PhD. I am also grateful to Giuseppe Tortora, Bruno Jossa, Giovanni La Guardia, Giuseppe Antonio Di Marco, Alessandro Arienzo and all the colleagues at the University of Naples who took part in the seminar on 'Marx and Globalisation'.

In Berlin, I learnt a lot from the editors of the *MEGA*². Richard Sperl and Claudia Reichel, in particular, shared with me their passion for the fourth section. Without initially knowing it, my research continued a project conducted at the University of Halle-Wittenberg before 1991. Ehrenfried Galander, former head of the Halle research group on the London Notebooks, sent me the PhD dissertation of Klaus-Dieter Block, which helped me to orient myself in the ocean of Marx's notebooks. I warmly thank all of them, and Kevin Anderson, Susumu Tomonaga, Tairako Takenaga and Ernst Theodor Mohl for the fruitful discussions and support.

My research led me to London, where I had access to the sources Marx investigated at the British Museum. I am grateful to Alfredo Saad-Filho for his

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This work would not have been possible without the constant support and affection of my mother Paola and of the rest of my family. I thank them and all my friends and comrades, especially those I met in Naples amid all the improbable encounters I had in that amazing city.

Finally, I would like to express my strong support for the Marxists Internet Archive, which I found a very valuable research resource. I would also like to thank the Berliner Verein zur Förderung der MEGA-Edition for their financial help.

I dedicate my book to the realisation of the efforts of all those who have worked on the edition of the fourth section of the *MEGA*².

Abbreviations

- [B + number] When I present the content of unpublished notebooks, I make reference to their classification as in the International Institute of Social History archives (see Appendix). Numbers followed by ‘d’ (e.g. [6d]) refer to the page numbers of the transcriptions that I consulted at the Berlin-Brandenburg Academy of Sciences and Humanities. When the text of the notebooks is originally in English, I have indicated this by putting these words in bold.
- CI Karl Marx ([1867–90] 1976), *Capital: A Critique of Political Economy, Volume 1*, trans. Ben Fowkes, Harmondsworth: Penguin.
- CII Karl Marx ([1885–93] 1978), *Capital, Volume 2*, trans. David Fernbach, Harmondsworth: Penguin.
- CIII Karl Marx ([1894] 1981), *Capital, Volume 3*, trans. David Fernbach, Harmondsworth: Penguin.
- Con Karl Marx ([1859] 1987), *A Contribution to the Critique of Political Economy*, trans. Salo W. Ryazanskaya in Marx and Engels, *Collected Works*, Vol. 29: *Marx 1857–61*, London: Lawrence & Wishart, pp. 257–417.
- CW Karl Marx and Friedrich Engels (1975–2005), *Collected Works* (50 vols), London: Lawrence & Wishart.
- Enz Hegel, Georg Wilhelm Friedrich ([1830] 1971), *Hegel’s Philosophy of Mind [Part Three of the Encyclopaedia of Philosophical Sciences]*, trans. William Wallace and Arnold V. Miller, Oxford: Clarendon Press.
- G Karl Marx ([1857–8] 1973), *Grundrisse: Foundations of the Critique of Political Economy (Rough Draft)*, trans. Martin Nicolaus, Harmondsworth: Penguin.
- L 1817–18 Hegel, Georg Wilhelm Friedrich (1995), *Lectures on Natural Right and Political Science: The First Philosophy of Right: Heidelberg 1817–1818, with Additions from the Lectures of 1818–1819*, trans. J. Michael Stewart and Peter C. Hodgson, Berkeley: University of California Press.

- L 1817 and L 1818–19* Hegel, Georg Wilhelm Friedrich (1973), *Vorlesungen über Rechtsphilosophie 1818–31*, ed. Karl-Heinz Ilting, Stuttgart and Bad Cannstatt: Frommann and Holzboog; Volume 1, *Der objektive Geist, aus der Heidelberger Enzyklopaedie 1817 mit Hegels Vorlesungsnotizen 1818–19; Naturrecht und Staatswissenschaft nach der Vorlesungsnachschrift von C. G. Homeyer 1818/19; Zeitgenössische Rezensionen der ‘Rechtsphilosophie’*.
- L 1819–20* Hegel, Georg Wilhelm Friedrich (1983), *Philosophie des Rechts: Die Vorlesung von 1819/20 in einer Nachschrift*, ed. Dieter Heinrich, Frankfurt/M: Suhrkamp.
- L 1820* Hegel, Georg Wilhelm Friedrich (1974), *Vorlesungen über Rechtsphilosophie 1818–31*; Volume 2, *Die ‘Rechtsphilosophie’ von 1820, mit Hegels Vorlesungsnotizen 1821–25*.
- L 1822–3* Hegel, Georg Wilhelm Friedrich (1974), *Vorlesungen über Rechtsphilosophie 1818–31*; Volume 3, *Philosophie des Rechts, nach der Vorlesungsnachschrift von H. G. Hotho 1822/23*.
- L 1824–5* Hegel, Georg Wilhelm Friedrich (1974), *Vorlesungen über Rechtsphilosophie 1818–31*; Volume 4, *Philosophie des Rechts nach der Vorlesungsnachschrift K. G. von Griesheims 1824–25; Der objektive Geist, aus der Berliner Enzyklopädie, zweite und dritte Auflage (1827 und 1830); Philosophie des Rechts nach der Vorlesungsnachschrift von D. F. Strauß 1831, mit Hegels Vorlesungsnotizen*.
- MEGA*² Karl Marx and Friedrich Engels, *Gesamtausgabe* Berlin, Dietz/Akademie Verlag 1975–; editorial matter indicated by asterisk.
- NYDT* *New York Daily Tribune*.
- PR* Hegel, Georg Wilhelm Friedrich ([1821] 1991), *Elements of the Philosophy of Right*, ed. Allen W. Wood, trans. Hugh B. Nisbet, Cambridge: Cambridge University Press.
- R* Ricardo, David ([1817] 2004), *The Works and Correspondence of David Ricardo*, ed. Piero Sraffa, Volume 1: *On the Principles of Political Economy and Taxation*, Indianapolis: Liberty Fund.
- WN* Smith, Adam ([1776] 1961), *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2 vols, ed. Edwin Cannan, London: Methuen.

Introduction

1 Globalisation: not just a question of method

The link between crisis and critique is expressed in the etymology of the terms. Crises are periods of theoretical and political upheaval, in which previously undisputed positions are challenged. Written during one of the greatest crises in the history of capitalism, this book seeks to contribute to developing a genuinely international conceptual framework for understanding the global political economy. It does so by reconstructing Marx's critique of political economy in the light of the new historical-critical edition of Karl Marx's and Friedrich Engels's writings, the *Marx-Engels-Gesamtausgabe* (MEGA²). This goal is even more necessary today in the face of the profound transformations that have taken place since the mid-1970s. Indeed, the growing integration of the world market, the relocation of industrial production to the Global South and the emergence of new capitalist powers such as China make national approaches completely inadequate for understanding the roots and future development of the global economic crisis.

According to a view that was dominant in the 1990s, neoliberal globalisation determined a transition from a world fragmented into a multiplicity of nations to a world integrated by the market with a subsequent decay and, eventually, end of the nation-state (Parise 2000). Myths spread that neoliberalism was creating a 'borderless' and homogeneous world, where all the peoples were reserved a future of peace and well-being (see, for example, Giddens 1999 and Friedman 2005). This dualistic approach – in the conception of the relation between economics and politics and between national and international spheres – was based on the representation of markets as self-regulating systems. Such a representation, in turn, rests upon the neoclassical theory of international trade developed by Heckscher and Ohlin (1991) and Samuelson (1948). While rejecting the labour theory of value, they built on Ricardo's theory of comparative advantage, according to which international trade spontaneously stabilises at an equilibrium level maintaining full employment in all countries that take part in it.

Neoliberalism, however, was not directed against the state as such; it rather aimed at overcoming the profitability crisis that erupted in the mid-1970s by removing any obstacles to the expansion of the field of action of the most

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centralised capital internationally, and of capital in general, and by attacking the social gains achieved by the workers' movement and anti-colonial struggles. Rather than a retreat of the state, neoliberalism led to a restructuring of the state in ways that responded to the evolving needs of capital accumulation. Imposed also through a chain of neocolonial wars, neoliberal policies led to a dramatic increase in global poverty and inequality, laying the premises for a crisis of even bigger proportions, such as the present one. It was inevitable, therefore, that the outbreak of the current crisis also brought about a crisis of the neoliberal doctrine. Turning their back on decades of neoliberal dogma, Western states launched massive capital bailouts leading to a sovereign-debt crisis in Europe and to further austerity policies and attacks on workers' rights, which do nothing but exacerbate the processes of impoverishment that took place in recent decades and increase the risks of a global recession.

The crisis seemed to confirm neorealist claims on the limits of international interdependence and the increasingly central role of the state that, if anything, had expanded its functions in response to global transformations (Waltz 1999). Despite a shaken confidence in the market as a self-regulating mechanism (Wade 2010), however, in the field of economics radical alternatives to neoliberalism are not emerging. For neo-Keynesian and neo-institutionalists, the crisis and the development of the BRICS economies confirm the need for the state to assume a leading role in supporting economic growth (Kahn and Christiansen 2011). These currents, however, do not define the nature of the state, which they present as independent of socio-economic processes, thereby repositing the same dualism between state and market, and between domestic and international spheres, that is sustained by the neoliberal economists. Looking beyond this old but recurrent debate between liberals and institutionalists, even economists like Paul Krugman (2011) have glimpsed, from Wall Street to the Middle East, the shadow of Marx, that is, the emergence of another kind of analysis of the present world, alternative to the dominant ones. Although Thomas Piketty's *Capital in the Twenty-First Century* (2014) explicitly rejects Marx's theoretical approach, it pursues a closely related set of questions in postulating 'fundamental laws of capitalism' to explain rising economic inequality.

Yet this sudden re-emergence shows as well that the thought that explicitly refers to Marxism has not yet formulated an adequate critical analysis of the current capitalist system as a totality. Marxist debates on neoliberalism and the 'new imperialism' assume that Marx concentrated on a self-enclosed national economy in his main work (Harvey 2003: 143–4; 2004: 73).¹ The 'international' would be one of the main *lacunae* of the classical tradition, including Marx, who was unable to grasp the uneven and combined character of capitalist development (Rosenberg 2006: 308), up to the point, some scholars argue, of believing in the homogenising consequences of universal interdependence (Amin 1989; Teschke 2011: 1091). Marx's original six-book plan for *Capital* was never completed and only the three last books on the state, foreign trade and the world market would have ascended to the international level (Rosdolsky 1979: 23, 27; Shaikh 1979: 281; Dussel and Yanez 1990: 76–7). Marx, therefore, was unable

radically to break with Ricardo's theory of comparative advantage and the paradigm of international trade based on the primacy of circulation (Michalet 1976: 242–3; Carchedi 1991: 217). Only in the early decades of the twentieth century did Marxist debates on imperialism and uneven and combined development (U&CD) expand to the international dimension. These debates attempted to integrate, develop or even correct Marx's analysis, also taking account of the growing importance of foreign investment, expansionism and anti-colonial struggles.

Indeed, the victory of the anti-colonial revolutions and the decolonisation process were among the most important twentieth-century transformations of the world system. New independent nation-states were created and began to produce their own social histories. The 'periphery' thus increasingly contributed to the social sciences, showing that its history cannot be understood in isolation from the 'centre', and vice versa (van der Linden 2008: 5). Since the 1970s, world-systems theorists highlighted such a close relation between centre and periphery, affirming the primacy of the world system over its parts (Wallerstein 1987). Not having recourse to the labour theory of value, however, they did not succeed in developing a *theory* of the capitalist world system (Dussel and Yanez 1990: 69). They thus took a step forward but at the same time moved backward with respect not only to Marx, but, as we shall see, also to the classical political economists. In the neoliberal period, studies on 'transnationalism' flourished, while labour history became a real global project (Wimmer and Glick-Schiller 2002: 302; van der Linden 2008: 3). A growing number of scholars, moreover, have made the case for developing a global approach to the study of production relations. Seeking to overcome the passive representation of workers in the literature on global commodity chains and global production networks, moreover, some have examined not only the impact of globalisation on labour but also workers' impact on globalisation (Smith *et al.* 2002: 52).

In the social sciences these debates have led to widespread criticisms of 'methodological nationalism' pointing out that, despite being a nineteenth-century development, the nation-state has been naturalised as the starting point of the analysis and *telos* of history. Society is thus thought of as coinciding with the state and the national territory, while international investment and migration are seen as variations from this implicit model (Martins 1974; Wimmer and Glick-Schiller 2002: 583; van der Linden 2008). Methodological nationalism is closely linked to 'Eurocentrism': a way of interpreting non-European societies through the categories of the West, underestimating or silencing the international and polarising nature of capitalist development.² Looking at Western European economies as national economies, in fact, downplays or denies the importance of colonialism and imperialism, deeming internal factors specific to each society to be decisive for their evolution. International inequalities are thus naturalised and the West is portrayed as a model for the rest of the world (Amin 1989: 109). This leads to *stageist* visions of history, according to which each people, considered in isolation, has to go through the same stages in order to reach development and, eventually, 'socialism'. As a result, the non-Western world is

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considered in a way that has less to do with the real conditions prevailing there than with what Edward Said ([1978] 1993) calls the ‘European Western Experience’; the collective agency of ‘subaltern’ peoples is silenced. Such an approach justifies, directly or indirectly, Western domination over the rest of the world.

Postcolonial and subaltern studies have denounced the distortions of national and Eurocentric approaches. They have managed to make visible the history and legacy of colonialism and imperialism, showing that decolonisation changed, but did not eliminate, this relationship, which profoundly influenced Western modern thought. Their achievements in terms of conceptualisation of the world system, however, are limited, when they do not contest the idea of a capitalist totality as such (Loomba 2005: 2). As Neil Lazarus notes (2002: 55), their analyses are descriptive and disperse into multiplicity without overcoming the negative moment of critique. This is also the case of André Gunder Frank in his reconstruction of world history in *Reorient* (1998), and of Marcel van der Linden’s *Workers of the World* (2008). Transcending these limits, in my opinion, requires a critical understanding of the laws of development of the capitalist system as a totality. This is what Marx’s critique of political economy aimed at, but this is not just a theoretical goal; it demands an overall political perspective, capable of moving beyond Eurocentrism because it is capable of moving beyond the system that underpins it.

2 The new historical-critical edition of Marx’s and Engels’s writings

This book seeks to establish whether Marx’s project makes it possible to overcome the problems of methodological nationalism and Eurocentrism, thereby laying the foundations for critically understanding the capitalist system in its totality. This goal may seem too ambitious, even impossible to achieve. In the field of political economy, in fact, very little research has been done so far on methodological nationalism and Eurocentrism.³ The prevailing opinion, moreover, is that Marx’s work is confined to the national level, and is no less teleological and Eurocentric than that of his predecessors. While early subaltern studies emphasised the potential of Marx’s emancipatory project, postcolonial studies developed a relation of critical distance, if not an open polemic of Marx, reading his thought in continuity with the colonial discourse of the West (Chaturvedi 2010: vii). The first dispatches on India that Marx wrote for the *New York Tribune* in 1853, the most anthologised on this topic, are quoted as the best proof of his Orientalism: while being moved by a ‘non-Orientalist human engagement’, Said maintained, Marx repeated an anonymous and distant picture of Asia, dissolving his commitment into Orientalist generalisations (Said 1993: 156). He relapsed into a style of thought based on an ontological distinction between ‘East’ and ‘West’ (Said 1993: 325), which ends up by legitimising Western domination over the Orient and the ‘Third World’ as a whole. Marx’s vision of non-European societies would be a sort of grand narrative of modernisation that subsumes every particularity and difference, not very differently from Hegel’s philosophy of history (Lyotard 1979).

Even the most valuable Marxist discussions of these criticisms,⁴ however, have not been able radically to undermine their main root, namely the view that Marx's value theory was restricted to the British model conceived as a national economy and only applies to a 'developed' capitalist centre, considered in isolation from the rest of the world (Spivak 1999: 99). This approach externalises 'the international' and opens 'an unbridgeable gulf between a theory of capitalist development and its actual shape as a historical process' (Rosenberg 2007: 458–9). In my view, this helps to explain why even some Marxist scholars converged with the postcolonial criticisms of Marx. For example, while the early André Gunder Frank (1978: 3) questioned Marx's approach as being inapplicable to the analysis of the periphery, he more recently portrayed Marx as an organic intellectual of European capitalism, a complicit supporter of the imperialist division of the world similar to authors like Max Weber, Oswald Spengler and Arnold Toynbee (1998: 9; see Dussel 2001: 209). In *Adam Smith in Beijing*, Giovanni Arrighi (2007: 58) dismisses Marx's concept of the Asiatic mode of production as 'infamous' without even discussing it.

Even though in these criticisms it is still possible to glimpse, with Derrida (1994), a certain 'spirit of Marx', they lack an adequate analysis of the massive body of Marx's writings. In addition to the already available texts, those published by the *MEGA*² now allow us to support the analysis of *Capital* with the examination of his notebooks of excerpts and notes. Following the latest editorial criteria – according to which every work has to be reproduced in its original form without intervention to complete it or make it more accessible – this edition presents all available writings of Marx and Engels. The first section of the *MEGA*² includes all works, excepting *Capital*, that were published by Marx and Engels, while the second presents all manuscripts and versions of *Capital*: from the different editions of Volume 1 written by Marx to all preparatory manuscripts for Volumes 2 and 3, to Engels's materials and edited versions. This allows us to follow, on the one hand, the process of Marx's drafting and revision of *Capital* and to identify, on the other hand, the extent of Engels's contribution.⁵

Another new element, characteristic of the *MEGA*², is the publication, in the fourth section, of all available notebooks of excerpts and notes that, from university onwards, Marx used to write. This section, as rich as the first one, contains entirely new materials, and gives us the opportunity to enter Marx's laboratory, to touch the breadth and depth of his studies, to follow their evolution in relation to the context and theoretical debates of his time. It is therefore a fundamental support for understanding his work (Sperl 2004). The fourth section complements, in particular, the part of the *1861–63 Manuscript* that was later published as *Theories of Surplus Value*.⁶ In the latter work, Marx traced the evolution of political economy from mercantilism to vulgar economy, focusing on the scientific core of classical political economy, not on its vulgar elements like the theory of international trade, and only briefly addressed socialist and communist doctrines. Through his notebooks, moreover, we can now fully appreciate Marx's distinction between method of inquiry and method of presentation in the Post-face to the second German edition of *Capital*.⁷

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In my research I selected the relevant notebooks, including those still unpublished that I was able to read at the Berlin-Brandenburg Academy of Sciences and Humanities. I interrogated them in the light of an interpretive hypothesis developed in a previous work: that in *Capital* Marx overcame the national approach adopted, albeit in a contradictory fashion, by classical political economists, and analysed British capitalism as an ever-expanding, polarising system that includes a centre and a periphery (Pradella 2010). I then sought to understand if and how the international aspects of Marx's critique of political economy were linked to a critique of Eurocentrism. In order to do so, I tried to overcome the contemporary disciplinary division between political economy and history (see Blaney and Inayatullah 2010: 18–19; Sum and Jessop 2013), situating the emergence of Eurocentrism within the evolution of the overall theoretical and ideological construct of capitalism. I decided to focus on Marx's investigation before the publication of *Capital* Volume 1 (1867): I studied, in particular, his notebooks of 1843–8 and those of the early 1850s, the so-called London Notebooks (1850–53), relating them to his published works, his manuscripts of 1857–8 and of 1861–3, and *Capital* Volume 1.

The London Notebooks are twenty-four notebooks written between 1850 and 1853, to be published in *MEGA*² IV/7–11 (the last two volumes are still unpublished). According to Enzo Grillo (in Marx 1997: vi–vii), this group of works 'is by far the most important, as it reflects the period of Marx's most intense analytical work and is therefore the most directly linked to the 1857–58 manuscripts'. With the analysis of these notebooks, 'we would gain non generic points of reference regarding the general question of the line of internal development of Marx's economic theories, and we would have the possibility of unequivocally establishing the concrete conceptual matrix of his critique of political economy, along with the level of maturity it reached from time to time'.

In East Germany before 1989 there was extensive discussion of the London Notebooks, and of section four of the *MEGA*² in general.⁸ The results of these debates, however, have been largely ignored not merely in the English-speaking world but also, to some extent, in reunited Germany. To my knowledge, the present book is the first attempt in English to present the development of Marx's notebooks with regard to the issue of the world market. The most comprehensive work on this topic is Klaus-Dieter Block's doctoral thesis on Marx and the world market movement of capital (1987), which examines a part of the London Notebooks (1–8 and 14). This important research has been an essential source for my work.

My focus on the 1843–8 and 1850–3 notebooks is aimed at understanding the place of the critical analysis of globalisation in the process that led to what Engels deemed to be Marx's two main discoveries: the materialistic conception of history and the theory of surplus value. This aspect of his research has been underestimated or ignored in most reconstructions of his thought, even in more recent contributions on Marx and non-European societies conducted in the light of the *MEGA*². Kevin Anderson's important book *Marx at the*

Margins (2010), for example, focuses on Marx's late notebooks but neglects those of the 1840s and early 1850s. In the earlier period, Anderson argues, Marx was influenced by Hegel's Eurocentric philosophy of history and 'held to an implicitly unilinear perspective, sometimes tinged with ethnocentrism, according to which non-Western societies would necessarily be absorbed into capitalism and then modernized via colonialism and the world market'. Only over time did this early perspective shift to a 'more multilinear' one, 'leaving the future development of these societies as an open question' (Anderson 2010: 2; see also Cummins 1980: 63 and Löwy 1996). This argument, as we shall see, does not sufficiently relate Marx's notebooks on non-European societies to his project of the critique of political economy, underestimating the fundamental elements of discontinuity between the materialistic and the bourgeois conceptions of history.

3 Between the concrete and the abstract

Marx's notebooks show his close engagement with modern economic and political thought, underlying the centrality of the international sphere not just in his research but in this tradition in its entirety. Contrary to representations of neoliberal globalisation as a completely new process, proper to the last quarter of the twentieth century, the international sphere appears to be the background and the starting point of modern economic and political thought. The study of the evolution of Marx's analysis of capitalist globalisation is inseparable from the study of the history of economic and political thought, of which his work represents a moment of synthesis, elaboration and critique. The first chapter of this book thus follows the key steps of the analysis of the world market in modern economic thought, in its gradual separation from the political. Marx summarises this process:

The economists of the seventeenth-century, e.g., always begin with the living whole, with population, nation, state, several states, etc.; but they always conclude by discovering through analysis a small number of determinant, abstract, general relations, such as division of labour, money, value, etc. As soon as these individual moments had been more or less firmly established and abstracted, there began the economic systems, which ascended from the simple relations, such as labour, division of labour, need, exchange value, to the level of the state, exchange between nations and the world market. The latter is obviously the scientifically correct method. The concrete is concrete because it is a concentration of many determinations, hence unity of the diverse.

(G: 100–1)

While modern political reflections on sovereignty were focused on Europe, the first economists observed the concrete social relations of their time and formulated abstract categories – such as value, labour and exchange – that were then

the starting point of classical political economy. Seeking to create the institutional conditions to support the development of manufacturing production in the motherland, mercantilists focused on the international sphere, in which they identified the origin of profit. Although they elaborated some elements of the labour theory of value, they believed that profit derives from alienation, from the sale of commodities above their real value in international trade. In their elaboration of the labour theory of value, classical economists like Adam Smith and David Ricardo overcame the immediately colonial approach of the mercantilists, and adopted a cosmopolitan perspective, which was an expression of the emerging monopoly position of British manufacturers. The first chapter examines how the labour theory of value allowed an understanding of accumulation as a process of concentration and centralisation of the most competitive capital on a world scale. The lack of analysis of the antagonism between wage labour and capital, however, obscured the importance of processes of so-called primitive accumulation and led to a theory of international trade based on the primacy of circulation between presupposed national units. This contradictory approach manifested itself at the highest level in Ricardo's quantity theory of money, which underpins his theory of comparative advantage. The theory of money, in fact, reflects the inability of classical political economists to develop a proper theoretical understanding of the formal aspects of economic relations (*CW30*: 398).

Chapter 1 then traces the link between the elaboration of the labour theory of value and the emergence of a materialistic approach to the study of history. Classical political economy removed the barrier between 'civil' and economic spheres; the latter acquired a political status and, with Adam Smith, became the basis of social relations. Like the *societas civilis* of the natural law school, for scholars of the Scottish Enlightenment 'civil society' presupposes a break with nature, which did not take place however through a political act, like the social contract, but through work as a transformative process endogenous to nature (Cesarale 2009: 30). Adam Ferguson and Adam Smith viewed history as a process of civilisation: a universal process of reproduction and extension of civil society based on the development of productive forces. In this light, Smith developed a pioneering analysis of the political economy of Asian societies, overcoming the focus on political factors characteristic of the theory of Oriental despotism. Ricardo's conceptualisation of class antagonisms, moreover, also allowed identification of the antagonisms shaping pre-capitalist societies and of the factors of historical change (*CW31*: 392). The classics' naturalisation of capitalism, however, led to a unilinear and teleological vision of development, repositing a colonialist representation of non-European peoples. If Adam Smith sought to unify historical and theoretical approaches, Ricardo's rigid deductive method permitted significant advances in both disciplines, but also initiated the process of their separation.

In so far as political economy is bourgeois, i.e. in so far as it views the capitalist order as the absolute and ultimate form of social production, instead

of as a historically transient stage of development, it can only remain a science while the class struggle remains latent or manifests itself only in isolated and sporadic phenomena. Let us take England. Its classical political economy belongs to a period in which the class struggle was as yet undeveloped. Its last great representative, Ricardo, ultimately (and consciously) made the antagonism of class interests, of wages and profits, of profits and rent, the starting-point of his investigations, naively taking this antagonism for a social law of nature. But with this contribution the bourgeois science of economics had reached the limits beyond which it could not pass. Already in Ricardo's lifetime, and in opposition to him, it was met by criticism in the person of Sismondi.

(CI: 96)

For Marx, the inability of the classics to analyse capitalist society as a totality depends on their class position, which prevented them from conceiving it as a specific and surpassable stage of historical development. Writing in an era when the first crises of the industrial system had erupted and its critiques were developing, Hegel attempted to overcome the split between state and civil society, politics and economy. Chapter 2 shows the influence of critical scholars like Simonde de Sismondi and Claude-Henri de Saint-Simon on Hegel, and argues that the centrality he attributed to labour and to historical evolution permitted him to overcome, in part, the naturalising approach of the classics and to conceive of capitalism as a historically determined system (Diesing 1999: 17–19). Hegel individuated certain contradictions of civil society and the economic roots of poverty, drafting a theory of capitalist expansionism. As he also presented capitalist society as humanity's supreme stage of development, however, Hegel had recourse to nature to justify social inequalities and upheld the necessity of economic intervention by the state to support the expansion of markets and colonies, crediting it with a civilising role. To ground this perspective, Hegel presented pre-capitalist societies as inferior, developing a Eurocentric vision of peoples that clashes with his initially universalist perspective.

With his 1843 *Contribution to the Critique of Hegel's Philosophy of Right*, in his attempt to identify the conditions for realising concrete freedom, Marx started questioning the Hegelian system in its entirety. Tracing the first steps of this path, Chapter 3 argues that his radical-democratic perspective allowed Marx to identify in private property the origin of the divisions in which the Hegelian system remained enthralled and radically to rethink the relation between economics and politics. Marx's revolutionary perspective informs his project of critique of political economy (Borrelli 1993: 188). Chapter 3 then presents the variety of sources of Marx's early studies in Paris and Brussels, which spanned from English and French classical political economy to various currents of mercantilism, national political economy and utopian socialism. Marx elaborated these studies in the 1844 *Economic and Philosophic Manuscripts* and the 1845 draft article on Friedrich List's *The National System of Political Economy*, in which he laid down his early critique of capitalism as an imperialist system and

his view of late development and revolution. In the light of Marx's and Engels's Manchester and Brussels Notebooks, the chapter then provides evidence of the centrality of world history in the elaboration of the materialistic conception of history, which proceeded along with a study of the labour theory of value and a clarification of their revolutionary perspective. Despite their awareness of the centrality of the international sphere, however, before the 1848 revolution Marx and Engels had not yet theoretically overcome the atomistic approach of the classics and this impacted negatively on their position on the national and anti-colonial questions.

Chapter 4 presents the first stages of Marx's work in London as they emerge from his London Notebooks in the early 1850s. In the 1859 Preface to *A Contribution to the Critique of Political Economy* Marx defined this work as a new beginning. Indeed, it represented a milestone in his analysis of capitalism and human history. Marx, in fact, radically put in question the national approach of classical political economy and started applying the materialistic method also in his study of non-European peoples, recognising their role in the revolutionary movement. The chapter investigates, in particular, the relation between the evolution of Marx's labour theory of value and that of foreign trade,⁹ identifying his critique of the quantity theory of money with a turning point in his critical analysis of capitalist globalisation. This critique, in fact, allowed him to identify not only the *historical* but also the *logical* primacy of the world market, calling into question the system of political economy as a whole. The chapter shows the importance, in this evolution, of Marx's study of the post-Ricardian socialists and the Colonial Reformers, and also traces his research into universal history and the condition of women. In 1853, during the parliamentary debate on the transition from the East India Company's to the British Crown's rule in India, Marx studied the Indian question, coming to know the positions of some sectors linked to the industrial bourgeoisie that sought to turn India into a 'reproductive country'.¹⁰ His analysis of property forms, community structures and their levels of democracy in India allowed him to overcome the traditional dualistic conception of a despotic East and a democratic West, laying the basis for the formulation of his concept of the Asiatic mode of production. In his articles on China and India, he then traced a reciprocal relation between proletarian struggles in industrialised countries and anti-colonial movements.

These processes required developing a more complex understanding of the link between crisis and revolution, as Marx sought to do intensively in the wake of the 1857 global economic crisis. Chapter 5 focuses on his elaboration in the period 1857–63, when Marx first presented his theories of value, surplus value and profit. Thanks to his criticism of the quantity theory of money, he assumed as the starting point of analysis abstract, universal labour, substance of the value of the totality of commodities. His 1857–8 six-book plan expresses his attempt to analyse capital as an *organic* relation, a living organism that poses its own presuppositions and lays the conditions for its own supersession.¹¹ In order to rise from the abstract to the concrete, from the labour theory of value to the

analysis of the state, the world market and crises, in the *Grundrisse* Marx elaborated a conceptualisation of capital in general, separate from competition, which sought to include, however, as we shall see, an examination of its internationalisation, and of its uneven and combined development. After introducing a first analysis of capital reproduction, Marx traced the process of so-called primitive accumulation, focusing on the genesis of capital and wage labour as separate social forces. His growing attention to pre-capitalist social formations was linked to his evolving revolutionary perspective, which shed light on pre-capitalist and capitalist social forms as engaged ‘in positing the *historic presuppositions* for a new state of society’ (G: 461).

After examining the international aspects of his theory of money in *A Contribution to the Critique of Political Economy* (1859), Chapter 5 discusses Marx’s 1861–63 *Manuscript*, where he developed his analysis of the derived forms of surplus value (industrial profit, ground rent and interest) and the theories of reproduction, of the average rate of profit and the transformation of values into prices of production. In the light of this conceptual framework, Marx tried, again, to clarify the relation between countries with different levels of productivity, examining the world-market modifications of the law of value and the corresponding advantages or disadvantages for the nations involved in international trade. In 1863, Marx reduced the originally planned six books to one book on capital, overcoming the concept of capital in general and the strict distinction between capital and competition. Drawing some conclusions on the relation between capital, state and revolution in *Capital* Volume 1, I argue that, in his main work, Marx incorporated elements he originally wanted to address in the books on state, foreign trade and world market. In the chapter on the so-called primitive accumulation, in particular, he elaborated his previous studies on mercantilism and classical political economy, showing that, in its unlimited expansion, capital reproduces the processes of ‘primitive accumulation’ in an appropriate form and lays the premises for its own supersession. Indeed, as Marx himself claimed, *Capital* Volume 1 represents an ‘artistic whole’ (CW42: 173), that refers to a real, practical movement of critique of capitalism of which *Capital* itself is part.

This book, therefore, seeks to establish that political economy from the mercantilists onward and its critique by Marx were concerned from the start to understand the dynamics of capitalism as a global system. The contemporary phenomenon of globalisation would therefore not have held surprises for Marx, even if, of course, its specific forms require concrete analysis. I focus on tracing his developing understanding of capitalism between the early 1840s and the later 1860s. I do so from the standpoint of the mature form of Marx’s critique of political economy that is to be found in *Capital* itself. I do not undertake a systematic discussion of Marx’s value theory (see the useful introduction by Fine and Saad-Filho 2010). My aim is to link value theory analyses with debates on Marx and non-European societies, and to recover the living process through which Marx elaborated his revolutionary critique of capitalism as an imperialist system.

Notes

- 1 See also Harvey (2010: 263); Wood (2006: 21); Ashman and Callinicos (2006: 108); Brewer (1990: 19), and Kemp (1967). For a more detailed discussion, see Pradella (2013).
- 2 While Said traced the origins of Eurocentrism already in the European Middle Ages, I agree with Amin's distinction between Ethnocentrism and Eurocentrism, the latter being a specifically modern phenomenon (Amin 1989: vii, 101–2). See also Sadek el-Azm (1981).
- 3 Although a debate on Eurocentrism does exist (see, for example, Hobson 2013), to my knowledge in the field of political economy only Charles Gore (1996) and Lucia Pradella (2014) have discussed the question of methodological nationalism.
- 4 Some important engagements with postcolonial studies are Ahmad (1992), Bartolovich and Lazarus (2002) and Loomba (2005). The more recent book by Vivek Chibber (2013) seeks to develop a Marxist critique of the very theoretical foundations of the project, without grounding it however in an analysis of imperialism and colonialism.
- 5 For a discussion of this debate, see Callinicos 2014, Chapter 1.
- 6 The *1861–63 Manuscript* is composed of 23 notebooks: Notebooks 1–5, 16–23 and part of Notebook 18 address the main points examined in *Capital*. Notebooks 6–15 and part of Notebook 18 contain those manuscripts that became *Theories of Surplus Value*.

7

Of course the method of presentation must differ in form from that of inquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to track down their inner connexion. Only after this work has been done can the real movement be appropriately presented.

(CI: 102)

- 8 See, in particular, the contributions in *Arbeitsblätter zur Marx-Engels-Forschung*.
- 9 In his 1979–80 articles on foreign trade and the law of value, Anwar Shaikh complained about the lack of such sources (1979: 282).
- 10 In the eighteenth century, with the European trade and territorial expansion in Asia, India became the model of Asian society (Krader 1975: 119).
- 11 For a discussion of this concept, of Hegelian origin, see Tombazos ([1994] 2014: 152–9).

1 Globalisation

Between economics and politics

1.1 Introduction

The dynamics of emerging capitalism and European expansionism represent the background of the economic and political reflection of the modern age. The ‘discovery’ of America was among the main factors of the crisis of the ontologically structured universe described in Plato’s *Timaeus*. In America, geographical discoveries proceeded hand in hand with colonisation. Expeditions from Spain and Portugal – who partitioned the continent with the Treaty of Tordesillas in 1494 – were followed by French, Dutch and English expeditions. Between the fifteenth and the eighteenth centuries the American continent was almost entirely colonised, while in Asia and Africa European companies mainly established commercial strongholds. The difficulty of exploiting the Native American populations, decimated by the conquests and by imported diseases, and the indentured servants from Europe necessitated the use of slave labour. An international system of labour division thus emerged in which Africa provided the labour power needed for the production in the Americas.¹ Slave production was the basis of the expansion of trade with Asia, whose balance of trade, in the period before the Industrial Revolution, was constantly favourable (Wallerstein 1974: 162; Wolf 1995; Amin 1998; Potts 1990). Indeed, as various scholars have affirmed, if any region was predominant in the world economy before 1800, it was Asia, China in particular (see Frank 1998: 5).

The pursuit of money was the driving force behind the destruction of pre-Columbian civilisations, the holocaust of the Native Americans, the establishment of the plantation system and the Atlantic slave trade. Within three centuries, the major European states founded empires in which the extortion of wealth no longer primarily occurred through tributes and taxation, as in the main pre-capitalist empires, but through the theft of resources and the direct exploitation of colonised peoples (Carandini 1979; Wood 2003). The seventeenth century, moreover, witnessed a transition from *imperium* to *dominium*: the sovereign did not usually own lands overseas, which became the property of the settlers, but just governed them; expansion became a primarily economic process, although closely linked to politics (Giuliani 2006). An organic reading of the modern political economy has to overcome the separation between processes of state- and empire-building.²

Modern European states extended their control over territories composed of several regions separated from each other and from the motherland; governmental powers were distributed among a variety of subjects and a multiplicity of hierarchical statuses existed among the populations (Brewer 1989; Wilson 1996b).

The primary importance of the state in the genesis of the capitalist mode of production was reflected in the close tie between economic and political research and the science of administration. The sixteenth century witnessed the first theories focused on the mechanisms of the production of wealth that were distinct from political and moral reflection. The economists of the time were aware of an economic sphere separate from the political and began to apply an empirical – ‘Baconian’ – method to it.³ The central point of reflection shifted from the family and the city to the kingdom, whose predominant aim became the concentration of power and wealth that found expression in a positive balance of trade (Clement 2006: 292). Increasingly, ruling classes’ concerns clashed with the Aristotelian disdain for chrematistics,⁴ while moral judgements against trade and usury disappeared gradually. Private enrichment began to be seen as desirable because it was linked to the enrichment of the kingdom, to be promoted by ruling in accordance with economic laws.

The sixteenth century also saw the rise of the absolutist state in Western Europe and the end of a unified Christian Church, which led to a radical rethinking of the foundations of political power. Social contract theory implied an active denial of non-Western sovereignty (Strang 1996) and, focusing on Western Europe, it presented sovereignty as an expression of the general interest. Conflict, however, reappeared both in the domestic and in the international spheres, making measures of forced submission to authority and war necessary (Borrelli 1993; Grovogui 1996: 53–4). In Hobbes’s view, for example, colonies were the children of the state; the pursuit of money was the factor that moved states, making war inevitable (Hobbes [1651] 1991, Chapter 24; Goyard-Fabre 1987: 2; Tuck 1999: 137–9). Locke too presented international relations as a state of nature. In his *Second Treatise* he discusses colonisation almost exclusively in the chapter on property and never speaks of a British ‘Empire’ but only of ‘Commonwealth’ (Armitage 2011). Differently from Hobbes, he sought to justify colonisation, and did so by having recourse to the Roman law of *vacuum domicilium* and *res nullius* (Giuliani 2006). In Locke, private property is not based on the monarch’s assignment, but on labour: God entrusted the world to laborious and reasonable men. The absence of capitalist land appropriation and of state institutions supporting it made the American territories *terrae nullius*, to be colonised like the European territories at the beginning of human history (Locke [1689] 1980: 29, §49). Locke did not acknowledge native peoples: outside the sovereign model there was no room for other forms of social organisation; society was conceived of as a sum of individuals belonging to the state.

Locke’s philosophy, according to Marx, ‘was the classical expression of bourgeois society’s ideas of right as against feudal society’, and ‘served as the basis for all the ideas of the whole of subsequent English political economy’ (CW34: 89). Indeed, this dichotomous representation of ‘peaceful’ domestic relations and

of openly violent colonial relations characterises the liberal tradition in its entirety. Such a distinction reflected a hierarchical world order, based on a fundamental divide between Europe and the rest of the world.⁵ This divide was justified through a representation of non-European peoples as inferior, and led to the formation of a colonial ideology, which is an integral element of modern economic and political thought (Wilson 1996a: 47; Basso 2000: 28). Within liberalism, 'liberty' and 'warfare' are bound together. 'A liberal attitude to the rules of civil society [...] is both conceptually and historically associated with international aggression' (Tuck 1999: 231, 196; see also Mehta 1999: 7).⁶

In the light of Marx's notebooks, Section 2 of this chapter traces the main elements of the mercantilist approach to the international political economy by focusing on England/Britain. From the end of the wars with Holland (1688) until the victory at Waterloo (1815), in fact, England/Britain developed from a fringe international player into the world's hegemonic power (Canny 2001; Wallerstein 1989: 57; Stone 1994: 5). But England was also 'to become what Holland had never been, the leading manufacturer of goods', benefiting from the increased productivity of the new steam-driven machinery (Semmel 1978: 6). Starting from a qualitative representation of the social relations of their time, mercantilists came to formulate abstract categories such as value, money and labour which were the starting point of the reflections of the classical economists. In the following section, the emergence of classical political economy is understood against the backdrop of the economic and political crisis of the First British Empire, based on the old colonial system and centred in the Atlantic, a crisis that coincided with the rise of 'free trade imperialism'. If various scholars have examined the classics' investigation of free trade imperialism as a specific question,⁷ in this chapter I seek to understand how classical political economy *as a system* is related to it.

As recent historiography has shown, the revolutionary processes initiated by the American War of Independence shook the Atlantic system as a whole (Knight 2000: 103; Dominguez 1980). Along with the productivity crisis in the British West Indies plantations, the independence of the US marked the end of the First British Empire and shifted the centre of the formal empire toward Asia, where the British were expanding commercially and territorially (Rose, Newton and Benians 1968; Winks 1999; Marshall 2001). After the East India Company's conquest of Bengal (1757), British penetration in Asia had changed qualitatively, spreading inland from coastal zones and commercial bases, and from India to the rest of Asia, China in particular.⁸ At the dawn of the Industrial Revolution, the Chinese economy was still so prosperous that Smith described it, not without a certain exaggeration, as 'a much richer country than any part of Europe' (*WN*1: 210). Two years after the outbreak of the French Revolution, moreover, the only successful slave revolt in history began in the French colony of Saint-Domingue, leading to the abolition of slavery and the establishment of the black state of Haiti. The Rights of Man, proclaimed in Paris in favour of the white man – male and proprietor – established themselves in the colony: no human being should be considered the property of another. This principle, along

with the echo of the revolutionary experience of the 'Black Jacobins', continued to agitate the colonial powers (James [1938] 1989).

After 1814, while the Restoration was imposing itself on the European continent, the revolution continued throughout South America, where the colonies declared their independence from the Spanish Empire. This allowed Britain to expand its informal empire there, as well as in Asia, where it was supported by formal territorial annexation. In Britain, after Waterloo, free market policies were gaining strength.⁹ Foreign trade acquired an increasingly central importance for industry, given its continuous need for new markets and for sources of labour power, raw materials and food supply. The expansion of trade was closely linked to that of international credit and investment, which went on to form an 'invisible empire' (Jenks 1963: 1) tending to extend internationally the division between town and country that was imposing itself in Britain. The progressive dismantling of the mercantile system did not lead, however, to the peaceful and harmonious growth proffered by the classics. On the contrary, industrialisation in Britain and other Western powers led to an unprecedented increase in international inequality. While up to the end of the seventeenth century the developmental gap between the various regions of the world was pretty small, after the Industrial Revolution 'three-quarters of humanity, who were excluded from [it], suffered the indirect effects of this revolution, mainly because of colonization which gradually spread to almost all the Third World' (Bairoch 1976: 3–4).

Section 3 argues that Britain's industrial monopoly allowed classical political economists to begin their analysis from the simple categories developed by the mercantilists and to elaborate the labour theory of value, which laid the premises for the scientific understanding of the process of capital accumulation at the global scale. Focusing on Adam Smith and David Ricardo, Section 3 shows that, because of their class interests, the classical economists ended up by presenting capitalism in harmonious terms as aimed at meeting the needs of the 'national community', of all 'national communities', and, therefore, humanity as a whole. Section 4 then traces the evolution of European representations of the 'Orient' between the sixteenth and the early nineteenth centuries in the context of the broader development of the social sciences. Focusing on the link between political economy and the study of history, it highlights the role of British economists in laying down the basis for a political economy analysis of Asian societies. If Adam Ferguson and Adam Smith saw capitalism as the high point of civilisation, a process of development of civil society made possible by the increase of productive forces, Ricardo allowed understanding of the antagonistic nature of such a process. This scientific approach represented an advance in the study of pre-capitalist societies over that prevailing in the mercantile period, but clashed with the class stand of the classics, which led to a unilinear representation of history.

1.2 Money, state and world market: mercantilism

The first theoretical approach in modern political economy, 'mercantilism', is an expression of a period in which capital did not control production, but mainly

circulation. Mercantilist scholars focused on the sphere of circulation and its manifestation in the movement of commercial capital, which represented the first form of capital and played a preponderant role in the period of transition from the feudal to the capitalist mode of production. For Marx it is inherent in the concept of capital that it develops from money and that, starting from circulation, it originally appears to be a product of it (*G*: 505). Seventeenth-century economists focused on the qualitative aspects of the value form, on the form of the equivalent that finds its expression in money as international means of payment. They identified the origin of profit with the sale of commodities at a price above their value. Such an increase in wealth only took place in international exchange, not within the same country where, with regard to total capital, there appeared to be no surplus-value formation. In mercantilism, therefore, surplus value is relative, derives from the loss of one country against another and finds expression in a positive balance of trade (*profit upon alienation*).

The term 'mercantile system' was used by Adam Smith to define the economic and political practice between the end of the Middle Ages and his own time.¹⁰ Smith devoted approximately one-fourth of his great treatise to the system, which, he affirmed, was characterised by policies designed to further the interests of merchants and manufacturers at the expenses of the other members of the 'national community' (Winch 1965: 13). This representation, albeit very influential, was polemical and unilateral. As Cosimo Perrotta remarked, European mercantilism aimed at state-building and industrialisation through import-substitution and export-promotion. The central objective of a favourable balance of trade was closely connected to the mercantilists' interest in promoting the growth of domestic manufacturing and greater overall productive efficiency.¹¹ The quest for money was closely related to the development of the real sources of wealth, which took place, for Marx, 'as it were behind their backs, as a means of gaining possession of the representatives of wealth' (*G*: 225). Mercantilists recognised the then developing industrial form of wage labour and capital only in so far as it produced money (*G*: 327–8), whose pursuit, however, led to the development of trade and industry.¹²

By analysing the causes of underdevelopment in Spain and the Kingdom of Naples, such founding fathers of mercantilism as Antonio Serra, Antoine de Montchrétien and Thomas Mun identified manufacturing with the core of the process of wealth formation and emphasised the importance of establishing a proper institutional framework for promoting manufacturing production. In his *Short Treatise* (1613), generally regarded as the first scientific economic treatise in history (Schumpeter 1954: 505), Antonio Serra examines the causes of poverty in the Kingdom of Naples, specialised in primary production, and those of the wealth of Genoese, Florentines and Venetians. Such causes consisted in the nature of economic activities, geographical specificities with regard to trade routes, the 'quality of the people' and government policies. Opposing Marc'Antonio De Santis's monetarist theses, Serra affirmed the primacy of manufacturing over agriculture and the necessity of government support for

manufacturing development (Serra [1613] 1913: 150).¹³ De Santis and Serra thus inaugurated the debate between ‘monetarists’ and ‘productionists’ that developed ten years later in the Malynes–Misselden controversy (1622–3). Similarly, Thomas Mun’s *England’s Treasure by Forraign Trade* (1664), considered as the manifesto of mercantilism, investigates the roots of the contrast between the poverty of the Spaniards – who possessed the ‘natural wealth’, i.e. gold and silver from America – **and the wealth of the nations that were enriching themselves** through trade and the production of ‘artificial wealth’. According to Mun, trade had to free England from the need to buy foreign-made commodities, and colonisation had to provide it with primary products and market outlets for manufacturing goods. The ideal empire was integrated internally and independent of the rest of the world; its defence was based on naval power and a prosperous merchant marine. For Charles Davenant too, countries declined or flourished depending on their management of market relations and manufacturing production (*MEGA*² IV/4: 27).¹⁴

The state had a central role in supporting capitalist development. Indeed, as Marx argues in *Capital*, all methods of so-called primitive accumulation employ the power of the state, ‘the concentrated and organised force of society’, artificially to hasten and accelerate the process of transition from the feudal to the capitalist mode of production (CI: 915–16). For mercantilist economists, the state must ensure a favourable balance of trade; support manufacturers and all activities that foster military power; keep ‘order’ and promote measures to increase labour exploitation (Brewer 1989: 167–8). Mercantilists never spoke of the market’s ‘invisible hand’ or ‘general well-being’: the fate of workers was to be poor – child labour was recommended – while that of the nation was to be rich. War was deemed to be a permanent element of the modern economy. In *Essay on Peace at Home and War Abroad* (London, 1704), for example, Davenant affirmed that money is ‘the sinews of state and war’, and that, in their attempts at expanding markets and colonies, European powers had a common interest against the rest of the world (*MEGA*² IV/4: 23).

The concept of national wealth creeps into the work of the economists of the seventeenth century – continuing partly with those of the eighteenth – in the form of the notion that wealth is created only to enrich the state, and that its power is proportionate to this wealth. This was the still unconsciously hypocritical form in which wealth and the production of wealth proclaimed themselves as the purpose of modern states, and regarded these states henceforth only as means for the production of wealth.

(G: 108)

While most scholars of mercantilism have given short shrift to the colonial question (e.g. Heckscher [1931] 1994; Viner [1937] 1975), during the sixteenth and seventeenth centuries English and French economists in particular considered foreign trade and colonies to be the principal means of increasing the power and wealth of the state (Clement 2006: 293–5). The complex network of regulations

controlling the colonies' trade with one another and with the mother country, the keystone of the mercantile system, was aimed at securing for the mother country the monopoly of trade with its colonies and at fostering domestic manufacturing production. The object of analysis of mercantilist economists was the colonial economy as a whole: an integrated system that also included the colonies (Hoselitz 1961: 13). For Marx, 'the colonial system and the extension of the world market [...] form part of the general conditions for the existence of the manufacturing period', providing rich material 'for displaying the division of labour in society' (CI: 474). The technical division of labour within manufacturing presupposes a certain degree of division of labour within society, primarily between town and country, which it in turn deepens and extends. While until the mid-eighteenth century manufacturing production was mainly directed toward the foreign market (Hume [1777] 1987: 263), the Industrial Revolution realised the division between town and country, making the development of the internal market possible.

Marx's analysis of the so-called primitive accumulation, therefore, is certainly focused on the transformation of class relations in Britain (Brenner 1977; Fine and Saad-Filho 2010: 67), but in Britain as the centre of an integrated colonial economy. From the Stuart Restoration onwards, the English state supported and gave legislative covering to the process of rural expropriation, which had begun in the late fifteenth century to meet the Flemish manufacturers' demand for wool. During the fifteenth and sixteenth centuries, the English state imposed coercive laws against the poor to transform the dispossessed masses into proletarians *ex-lege* and to create the necessary labour force for the manufacturers (Stone 1994: 22). This period witnessed an unprecedentedly harsh attitude toward the poor, the workers and the unemployed: the state intervened to lower wages, lengthen working hours and increase the dependency of the workers, who maintained a degree of strength because of the widespread persistence of peasant property, the urban guilds, and the still relatively low labour supply on the market. Along with the dispossession of the peasants, a terrorist legislation in defence of private property was enacted (Losurdo 2011: 77–9). Davenant, for example, affirmed the need for the state to regulate population growth and to promulgate laws against the poor to ensure the necessary labour supply for the manufactures (*MEGA*² IV/4: 26–7).¹⁵ The then prevailing view was that low wages resulted in lower prices and encouraged manufacturing exports (Lapides 1998: 16).

From the mid-seventeenth century, moreover, the English state supported market expansion by unifying the colonial system, the system of public debt, the fiscal and the protectionist systems. This period witnessed a growing interest in military questions and war, which played a central role in the process of state formation (Stone 1994: 1–2). The system of public debt and the tax system were necessary for financing the bureaucracy, navy and military. The former allowed the state to receive huge amounts of money from private subjects in exchange for government securities; commercial companies, banks and the landed aristocracy thus became permanent creditors of the state (Stone 1994: 11). This system

depended on the customs and excise system, which was based in England on the taxation of subsistence goods and mainly burdened direct producers, impoverishing them and reinforcing their expropriation.¹⁶ The economists of the time supported these measures openly: for Davenant, who contributed to the creation of the British modern system of taxation, frugality was important **‘only for the lower Rank of Men and the people ... because Taxes must arise from their Sweat and Labour’** (*MEGA*² IV/4: 29). In *Discourses on the Public Revenues* (1698) he stresses the importance of the ‘political arithmetic’ of William Petty: since national wealth primarily derived from the labour of the population, an exact knowledge of it was necessary to impose taxes and assess the strength of the state (*MEGA*² IV/4: 47). Indeed, England’s financial superiority enabled it to maintain the largest navy in the world and a mercenary army on the European continent (Stone 1994: 20).

The protectionist and colonial systems were also keys to industrial development. The first made it possible to ban the import of foreign-made manufacturing commodities and to admit specific agricultural and colonial products on an exclusive basis. The British government had recourse to the protectionist system from the mid-seventeenth century onwards in order to secure domestic and foreign markets to British manufactures, and this led to an increase in the prices of means of subsistence. In the late seventeenth and early eighteenth centuries, for example, the manufacturing class successfully asked Parliament to erect barriers preventing the import of silk and cotton products from India, China and Persia, and diverting them to continental European markets.¹⁷ This kind of measures was reinforced by the colonial system, which allowed the violent eradication of manufactures in dependent countries, forcing them to specialise in primary production. For Josiah Child, who formulated the concept of dependency in his 1668 *New Discourse of Trade*, the main objective of colonial policy was to keep the **‘external provinces and colonies in a subjection unto and dependency upon their mother-kingdom’** (Child [1668] 1690: 125; see Clement 2006: 308). In his view, the possibility that the North American colonies could develop their own manufactures made them the ‘most damaging’ plantations of the kingdom. Preventing this was the primary objective of the Navigation Acts, Davenant argued in his *Discourses on the Public Revenues* (*MEGA*² IV/4: 54). Davenant also deemed it necessary to impose commercial regulations in Ireland to prevent the export of woollen products (*MEGA*² IV/4: 28), as actually happened after the full conquest of Ireland in 1691.

In dependent countries, the colonial system was based on plunder and generally led to devastation and depopulation. In settlement colonies, ‘the colonies properly so-called’ (Marx 1975: 917), commercial companies, having financed the settlement, controlled production and resorted to the exploitation of African slaves to replace the decimated natives and the indentured servants imported from Europe. Slave labour was so important during the First British Empire that an eighteenth-century mercantilist, Malachy Postlethwayt, described the British Empire as a ‘magnificent superstructure of American commerce and naval power on an African foundation’ (1745: 4, 6; see Williams 1944: 52). In densely populated

colonies, commercial companies obtained huge profits with no investment, and repatriated them. The English East India Company, for example, exploited native workers by usurious and commercial means, through the system of advances on crops and the imposition of monopoly prices (CI: 917). These forms of exploitation were the incubators for epidemics and famines,¹⁸ such as the Bengal Famine, where approximately ten million Indians died between 1769 and 1773 due to the speculation on rice prices by the East India Company (see *WN2*: 33).

Crucially, mercantilists laid the first elements of the labour theory of value by looking at the Atlantic system as a whole (Linebaugh and Rediker 2007: 147). Marx traces the advances of the value theory in Davenant and Petty¹⁹ (*CW31*: 32–5), and defines James Steuart as ‘the *rational* expression of the Monetary and Mercantile systems’ (*CW30*: 352). In Petty’s view, labour was the ‘father of wealth’ and land the ‘mother’. As labour was mobile and lands far-flung, labour policies had to be transatlantic, disciplining workers in different regions of the Empire: from Irish dispossessed peasants and African slaves to English indentured servants and wage labourers ([1691] 1889). ‘Husbandmen, Seamen, Soldiers, Artizans and Merchants are the very Pillars of any Common-Wealth’ ([1676] 1889: 259–60; see *CW31*: 34). Sailors produced a higher value than the costs of production (which included their livelihood): a process that Petty defined as ‘super-lucration’. James Steuart, on his part, denied that sale above the value constituted an increase in wealth, and differentiated ‘positive profit’ – due to increases in labour, industry and skill – from the ‘relative profit’, the profits of individual capitalists. He did not investigate the origin of the former and explained the latter as deriving from *alienation*. Marx, however, credited Steuart with being the ‘first to identify the category of human labour in the abstract’, in his statement that ‘Labour [...] which through its alienation creates a universal equivalent, I call *industry*’ (cited in *CW29*: 298). Steuart also affirmed that the introduction of female and child labour worsened workers’ dependence, so that it approximated to the slave relation (*CW34*: 108). For Marx, his main contribution to the theory of capital was his analysis of the process of so-called primitive accumulation, focused on the separation of the producers from the means of production: a separation that, as we shall see, was instead naturalised by Adam Smith (*CW30*: 352; see also Perelman 2000).

1.3 Labour, value and globalisation: classical political economy

1.3.1 From the physiocrats to Adam Smith

While within the mercantile system profit is relative, depending on the gains of one country at the expense of another, physiocracy aimed at explaining the absolute formation of surplus value. In order to do so, it abstracted from foreign trade and focused on the agricultural sphere, the only sphere that could be considered independently of circulation. It is not a coincidence that physiocracy developed in France, at the time a predominantly agricultural country, very different from

increasingly commercial and industrial England (*CW30*: 358–9). According to Marx, such an abstraction from foreign trade was necessary for developing a scientific analysis of capitalist society but, as we shall see, was not synonymous with a national approach. The physiocrats were the first economists to distinguish capital and money, grasping the general form of *surplus value*, i.e. exchange value that preserves and increases itself through production. They are therefore, in Marx's view, 'among the fathers of modern economics' (*G*: 327).

The physiocrats distinguished the labour realised by producers and the value appropriated by them in the form of wages, identifying in this difference the origin of surplus value.²⁰ Surplus value, in their view, is created only in the agricultural sphere: it derives from agricultural labour, not from labour as such, and takes the form of ground rent. Turgot, one of physiocracy's later representatives, for example, explicitly defines agricultural surplus value as the part of the cultivator's labour which the proprietor appropriates to himself without giving any equivalent, i.e. the quantum of time in which the labourer works for free for the landowner (*CW30*: 365). In explaining the origin of surplus value, however, the physiocrats halted their formal analysis and focused on specific material relations in agriculture. As David McNally highlights (1988: 260–1), the physiocrats saw agrarian production in clearly capitalist terms and advocated state policies that would create capitalist relations of production on the land. According to Marx, their apparent veneration of landed property led to its economic negation: by placing the burden of tax entirely on rent, in fact, industry was freed from state intervention. A number of feudal lords thus became supporters of a system that proclaimed the end of feudal society (*CW30*: 361–2).²¹

Adam Smith developed physiocracy's findings more coherently. In Britain, in the last decades of the eighteenth century, the modern state had already been created and was progressively being subordinated to the interests of the industrial bourgeoisie. The latter was acquiring a position of de facto world monopoly that, along with the crisis of the West Indies plantations and of the First British Empire, rendered the old protectionist and colonial system counterproductive. Britain's industrial monopoly made it possible for classical economists to overcome the openly colonial approach of the mercantilists and to adopt a cosmopolitan approach. They upheld the division between the state and civil society and, presupposing the subordination of the former to the latter, abstracted from political relations and focused on production relations. Correspondingly, political economy progressively asserted itself as an autonomous discipline, separate from politics and the science of administration.

The method that emerged with Adam Smith took as its starting point the abstractions – such as labour, value and exchange – that previous authors had arrived at through their investigations, and rose from these abstractions to the more concrete level of the state and the world market (*G*: 100–1). Classical economists never excluded political factors or opposed state intervention (Fine and Van Waeyenberge 2013: 2): what they opposed were all social structures that stood between the state and the individuals, such as local institutions, workers' associations and commercial companies. They wanted, rather, to unify

and limit state intervention in order to strengthen it in its function of supporting accumulation (Heckscher 1994, Vol. 2: 325–6). It was because of their class position that the classics naturalised capitalism and formulated a theory of development as a self-regulating process, separate from politics, thus excluding the analysis of the institutional factors that made accumulation possible. This impeded a real synthesis of abstract categories and concrete relations.

In the *Wealth of Nations* (1776), Adam Smith criticised the mercantilist balance of trade theory because it assumes that a nation can receive a greater quantum of value than what it gives in return. Smith completely separated the balance of produce and consumption from the balance of trade.

The balance of produce and consumption is entirely different from, what is called, the balance of trade. It might take place in a nation which had no foreign trade, but which was entirely separated from all the world. It may take place in the whole globe of the earth, of which the wealth, population, and improvement may be either gradually increasing or gradually decaying. The balance of produce and consumption may be constantly in favour of a nation, though what is called the balance of trade be generally against it.

(WN1: 523)

Since British manufacturing interests were projected globally, Smith referred indifferently to the national and global spheres, isolating the former ('nation with no foreign trade') and making it implicitly coincide with the latter ('the whole globe of the earth').²² Smith could thus focus on production relations. He affirmed that labour in general, not agricultural labour, is the source of value, and recognised that profit derives from unpaid labour. He pointed out, in fact, that the relation between wage labour and capital is inconsistent with the law of exchange, and that profit derives from the capitalist appropriation without equivalent of a part of the value produced by workers. In some passages of the *Wealth of Nations* Smith attributes the origin of profit to the quantum of labour that exceeds that paid by the wage, which would correspond to the 'natural price of labour' (WN1: Books 6–8).

For Marx, Smith's great theoretical contribution lies in the fact that he highlighted this contradiction, explaining the origin of surplus value in general terms. Even though Smith did not conceptualise it as such, he thus laid the foundational premise for understanding surplus value as the general source of both profit and rent. While in physiocracy surplus value appeared only in the form of rent, in Smith, for the first time, rent, profit and interest appeared as its derived forms (CW30: 386; 393–4). In the last part of his treatise, Smith also described the deleterious effects of the division of labour on workers, which he had celebrated at the beginning as a source of general well-being (CI: 483–4). In the light of his theoretical achievements, he identified the expansive logic of the system. Even though he did not acknowledge the phenomenon of overproduction, he affirmed that the division of labour within manufacture and relative overproduction in the domestic market required the expansion of the foreign market, and that colonial

trade could raise profit rates.²³ According to his theory of absolute advantage, moreover, international competitiveness is determined in the same way as competitiveness inside a nation, i.e. by absolute production cost advantages, the costs that arise in producing a commodity and bringing it to the market (Schumacher 2012: 63). It followed therefore that free trade was positive only for the most competitive nations (*WN1*: 480).

For Smith, moreover, the state system was necessary for both the genesis and the reproduction of the industrial system.²⁴ Praising the Navigation Acts, he argued that since defence 'is of much more importance than opulence', the Acts were 'perhaps the wisest of all the commercial regulations of England' (*WN1*: 487). Because of the stimulus to manufacturing provided by colonial markets, *all* European countries had profited from the 'discovery' of America and the opening up of trade with the Far East. Smith, moreover, tried to find a solution to the crisis of the First British Empire caused by the declining productivity of the West Indies plantations and the rebellion of the North American colonies, completing England's 'project of empire' (*WN2*: 472, 484; Schield Nicholson 1909; Winch 1965: 17). His proposal of a 'Commonwealth of Nations' extended to the British North American colonies was aimed at finding an alternative solution to their imminent separation and at reducing the costs for the administration and defence of the empire. Smith was not against maintaining Britain's commercial strongholds in Africa or its growing territorial acquisitions in Asia. He hoped, on the contrary, that their management would be entrusted to the government, which, unlike the trading companies, really had an interest in the prosperity of the empire.

Criticising slavery as being more expensive than free wage labour (*WN1*: 411), Smith also noted that the conquest of Asia opened up the prospect of taking control not only over immense natural resources, but also over millions of workers, whose real wages were lower than in the greater part of Europe (*WN1*: 229). Indeed, the *Wealth of Nations* ends with a description of the new opportunities for profit offered by Asia:

The territorial acquisitions of the East Indian company, the undoubted right of the crown, that is, of the state and people of Great Britain, might be rendered another source of revenue more abundant perhaps, than all those already mentioned. Those countries are represented as more fertile, more extensive, and, in proportion to their extent, much richer and more populous than Great Britain.

(*WN2*: 484)

In Marx's view, in trying to explain concrete facts, Smith examined the formal aspects of capitalist relations. But this formal analysis was hampered by his failure to distinguish between labour in general and wage labour, labour in its formal determination as wage labour as opposed to capital. The naturalisation of wage labour led Smith to consider the wage itself as the measure of value. He thus traced the origin of surplus value back to the division of labour, and argued

that capital did not arise from production but from circulation and saving. He could thus affirm that the wage should correspond to the product of labour, contradicting both the concept of capital and that of wage labour that he had implicitly developed (*G*: 330). Representing the period preceding the growth of big industry, in Marx's eyes, Smith was still influenced by physiocracy's view that accumulation depends on capitalists' saving and self-denial. While he originally stated that the value of commodities corresponds to the labour necessary to produce them, he then assumed the independence of profit and rent from wage labour.²⁵ Wage, profit and rent did not appear to be parts of the produced value, but directly to determine it; they thus resulted to be sources of value, contradicting the labour theory of value Smith had originally developed and leading to a vicious circle (*G*: 330–1; *CW*30: 378).

Failing to offer a coherent account of the origin of surplus value, Smith ended up describing capitalism in harmonious terms and maintaining that production is intended to satisfy the needs of the national population. Opposing the 'tumultuous' coalitions of workers whose violence and, at times, 'folly' would rarely bring them positive results, he maintained that workers would better wait for the wage increases 'naturally' coming from greater national wealth (*WN*1: 75–9).²⁶ This representation contradicted his analysis of the link between relative overproduction in the internal market, profitability and expansionism, and led him to assume that capital accumulation could take place in a self-enclosed economy. As a consequence, Smith's distinction of the balance of produce and consumption from the balance of trade led to him isolating the nation from the world, as if a 'nation with no foreign trade' actually existed. In this model the circulation of commodities is conceived of in the form C–M–C and interpreted as a simple mediation between use values, C–C. Despite knowing James Steuart's analysis of the different functions of money, moreover, in the *Wealth of Nations* Smith eliminated the problem of the quantity of money, treating it as a mere commodity.

The tension caused by the struggle against the illusions of the Mercantile System prevented Adam Smith ... from objectively considering the phenomena of metallic currency, whereas his views on paper money are original and profound. Just as the palaeontological theories of the eighteenth century inevitably contain an undercurrent which arises from a critical or an apologetic consideration of the biblical tradition of the Deluge, so behind the façade of all monetary theories of the eighteenth century a hidden struggle is waged against the monetary system, the spectre which stood guard over the cradle of bourgeois economy and still cast its heavy shadow over legislation.

(*Con*: 399)

In Marx's view, Smith had to deny any theoretical merit to the monetary and mercantile system because it focused on the formal side of the capital relation and brutally revealed its 'mystery', namely that its exclusive goal consists of the

accumulation of exchange value. In order coherently to develop the labour theory of value and to incorporate the scientific elements of mercantilism, Smith would have had to admit the subordination of circulation and exchange to capital. His shift from a value-based to a nation-based approach, on the contrary, made it possible to found a theory of international trade as based on the 'primacy of circulation' between presupposed national units. The movement of capital in the form of commodities replaces that of capital in the form of money and labour, thus excluding foreign investment and migration. The world market appeared to be a sum of nations connected through commodity exchange, which could all prosper in a system of perfect competition. Free trade, in fact, would have led to an 'endogenous' accumulation of capital in the agricultural sphere and made industrialisation possible (*WN2*: 192).

Smith denied the centrality of trade and colonisation for industrialisation in Western Europe. Using the liberal counterfactual opportunity-costs argument, he affirmed that monopoly had reduced the 'natural' benefits of free trade and hindered the colonies' 'natural development'. The benefits deriving from an exclusive policy were more relative than absolute because they were obtained by depressing the industry of another country rather than by letting it grow to the level it would have reached under free trade. Hence Smith criticised the mercantile system and its 'erroneous' policies of trade and industrial protection. The system was not driven by necessity, or even by an 'absolute' utility; on the contrary, it brought about disadvantages whose underlying principles he called 'folly and injustice' (*WN1*: 403). Colonial monopoly, moreover, had increased the rate of profit by diverting capital investment from less advantageous domestic sectors, thus damaging the national economy. Even though he admitted that Great Britain had gained *in spite of* its policies, Smith believed that, thanks to its 'natural' superiority, free trade would have allowed Great Britain to maintain most of its trade relations with the colonies (Winch 1965: 10–12; Semmel 1978: 27). Colonialism and forced market expansion thus seemed definitely to belong to the past.

1.3.2 David Ricardo

Writing in the phase of rising British capitalism, in the *Principles of Political Economy and Taxation* (1817) Ricardo tried to develop the cosmopolitan aspects of Smith's thought, criticising all elements that could support the old protectionist system, like the thesis that the motherland could reap benefits from colonial oppression and investment in colonial trade could raise the rate of profit. This view could lead to the conclusion, as had actually been the case with Henry Brougham (see Chapter 4.7 in this book), that expansionism was necessary for British industry (*R*: 338–9). For Ricardo, on the contrary, the restrictions of the mercantile system were unnecessary and harmful: creating artificial demand, they burdened the motherland and British consumers. The superiority of free trade was proved by Britain's commercial relations with the US after independence, when the US became the main provider of raw materials for British industry.

In a way that is only apparently paradoxical, by applying a rigid deductive method Ricardo was more successful than Smith in understanding the concrete process of capital accumulation on a world scale and, as we shall see at the end of this chapter, historical development as such. The first condition of Ricardo's system, in fact, is the 'exertion of human industry' in conditions of unlimited competition (*R*: 12). To identify the laws of capital, Ricardo presupposed the full expansion of the capitalist mode of production and the complete imposition of free trade: he presupposed, therefore, a completely globalised system, abstracting from the concrete conditions that diverged from that assumption. For Marx, this is the only place in which he had 'a faint notion of the *historic* nature of the laws of bourgeois economy' (*G*: 560). In the *Principles*, in fact, this starting premise remains extrinsic, because Ricardo naturalised the system and did not analyse its universalising tendencies. This lack of abstraction, for Marx, is the root of the convoluted nature of his work, which is entirely contained in the first two chapters of the *Principles*.

On the one hand he must be reproached for not going far enough, for not carrying his abstraction to completion, for instance, when he analyses the *value* of the commodity, he at once allows himself to be influenced by consideration of all kinds of concrete conditions. On the other hand one must reproach him for regarding the phenomenal form as *immediate and direct* proof or exposition of the general laws, and for failing to *interpret* it. In regard to the first, his abstraction is too incomplete; in regard to the second, it is formal abstraction which in itself is wrong.

(*CW*31: 338)

Ricardo identifies value with the labour necessary to produce commodities. By analysing the division of the net product between wages and profits, he affirms the antagonistic nature of the wage-labour and capital relation, thus laying the foundations for understanding the lack of equivalence between the value produced and the value appropriated by workers in the form of wages. As he fails to examine the specific historical form of value-producing labour, however, Ricardo does not identify the origin of surplus value, and the connection between labour and money, focusing exclusively on the quantity of value and on the division of an amount of capital assumed as given (*CW*31: 389–90). This leads him into a series of contradictions. Ricardo, in fact, affirms that the wage corresponds to the 'value of labour' and traces it back to the price of the minimal traditionally necessary means of workers' subsistence and reproduction. He does not clarify, however, how the 'value of labour' is determined, relying on the law of supply and demand (*CW*32: 36–7). In discussing such a fundamental element of his system, therefore, Ricardo falls into the inconsistency he criticised in Smith, i.e. resolving the net product into wage, profit and rent.

This inconsistency is linked, as we shall see, to Ricardo's inability to overcome the theory of compensation, according to which unemployment does not have a structural character and jobs lost through technological innovation are

matched by new ones created in other sectors. In the third edition of the *Principles* (1821) Ricardo adds a chapter in which he rejects Adam Smith's confusion between net and gross income: while for Smith the most productive use of capital ensured the greatest quantity of productive labour nationally, for Ricardo national wealth did not coincide with that of the population, but consisted of profits and rents; and the same cause that 'may increase the net revenue of the country, may at the same time render the population redundant, and deteriorate the condition of the labourer' (*R*: 348, 388). By criticising the theory of compensation, Ricardo laid the premises for conceiving 'national wealth' as independent of the well-being of the population. For Marx, by admitting that machinery can produce a relative overpopulation, Ricardo threw in the air, *in nuce*, Malthus's theory of population (*CW*32: 202). He understood, in fact, that the demand for labour power declines relatively to the amount of total capital, thus necessarily creating what Marx will define as a 'reserve army of labour'.²⁷

Ricardo's theory of ground rent, moreover, explained the roots of the antagonism between industrial capitalists and landowners, and identified in the increasing prices of primary commodities the main factor leading to a decline in the rate of profit, making expansionism necessary to find cheaper food and raw materials. As Ricardo recognised *implicitly* in his model of Portuguese–English trade relations, in the light of the labour theory of value competition between capitals in different nations operates in much the same manner as competition within a nation: it allows concentration of production in the nation where higher productivity reduces the role of living labour and, as a consequence, the value of commodities. In his model, free trade – of commodities, and also of capital and labour – eliminates the barriers to the concentration and centralisation of the most competitive capital, which Ricardo, overturning the historical reality, placed in Portugal (*R*: 136; Shaikh 1980: 40–1). It followed that accumulation was not confined to the national level but, as Trotsky would later point out, combined productive processes in different countries and generated unevenness both *within* and *between* them.²⁸ Specific conditions in different countries no longer appeared to be naturally given, but were related to the overall dynamics of capital accumulation. In order to catch up, moreover, capitals in less developed nations needed protective tariffs and increasing labour exploitation. Capital accumulation thus appeared to be a process of uneven and combined development based on labour exploitation.

In considering its *formal* determination, therefore, Ricardo presented capital as an indefinite process of valorisation: capital as money is the real goal of production, and the state appears to be part of this process. For Marx, by conceiving production as identical with the self-realisation of capital and by focusing more on the increases in production and in population than on the limits of demand, Ricardo was able to understand capital's universalising tendency better than Sismondi, who, as we shall see, focused on the limits to consumption (*G*: 410–11). Ricardo, however, did not develop his analysis coherently. In discussing the theory of compensation, he only considered the introduction of new machinery in the context of an already developed capitalist production, thus disregarding the processes of dispossession of peasants and of independent producers. He also

argued that, when workers are laid off, not only the workers themselves, but also their previous means of subsistence persist on the market. Since their subsistence fund, their 'labour-fund', has to be consumed, workers always end up by finding another job. The introduction of new machinery thus damages workers only when the net product is increased at the cost of the gross product (*CW32*: 202); if the latter increases, an improvement in the condition of all classes is possible (*R*: 392). Like Smith, Ricardo ended up by assuming that the annual total product consists of revenues, i.e. wages, profits and rents (*CW32*: 60).

For Marx, the labour-fund theory is absurd, a 'hair-raising nonsense', as it presents capital in the form of livelihood as a fixed entity (*CW32*: 185). It also ignores the possibility that constant capital (invested in means of production) increases, as evidently happens in international trade, which is the predominant outlet of industrial production (*CW32*: 186–7). The confusion between net and gross revenue, moreover, excludes the international movement of workers and capital. For Ricardo, experience shows that 'fancied or real insecurity of capital', along with natural inclinations, checks the emigration of capital. These feelings would 'induce most men of property to be satisfied with a low rate of profits in their own country, rather than seek a more advantageous employment for their wealth in foreign nations' (*R*: 136–7). According to the law formalised by James Mill, and then appropriated by Say, moreover, capital always finds an outlet on the domestic market, thus keeping the equilibrium between purchases and sales (*Con*: 333, note).²⁹ This harmonious representation of the wage-labour and capital relation is also the origin of Ricardo's confusion between value and price of production, the latter corresponding to the value of constant and variable capital³⁰ and to that of the average social profit incorporated in the commodities. This confusion, according to Marx, is the source of Ricardo's major mistakes and contributed to the disintegration of his School (*CW32*: 35).

Forcibly assuming the identity of surplus value and profit, Ricardo argued that wages and profits are inversely related. For Marx, this thesis is central for understanding the concept of the relative wage,³¹ but is ultimately completely false as it ignores the effects of the creation of absolute surplus value and of variations in constant capital. Even though Ricardo sometimes admits that the rate of profit may be affected by variations in the value of constant capital, he does not systematically consider the impact of foreign trade on it. Although the value of constant capital tends to grow relatively to variable capital, making it increasingly important to economise on working conditions and find new raw material supplies,³² Ricardo only admits the influence of foreign trade on the price of labourers' food, but does not consider this point systematically. In his view, any improvement that reduces the necessary labour time for the production and transport of commodities, nationally and internationally, only affects consumers, not profits, which can be increased only by reducing wages. For Marx, however, Ricardo had thus conceived the increase in surplus value as the driving force of foreign-market expansion (*R*: 128; *CW32*: 58).

Ricardo applies the labour theory of value in the determination of commodities' prices within the same country, not in international trade (*R*: 133). Since

capital is assumed to be mobile only at the national level, the formation of an average rate of profit, and the equalisation of values and prices of production take place only at the national level. For this reason, while in examining 'national' accumulation it is possible to abstract from exchange relations, things are different at the international level. Ricardo assumes the nation as the subject of the exchange (Shaikh 1979: 289) and argues that international exchange does not depend on commodities' 'natural prices' (i.e. their values), but on their monetary prices expressed in gold (*R*: 137). Because of the difficulty in shifting production from one country to another, Britain could exchange the product of the labour of 100 workers in Britain with that of 80 workers in Portugal.

It is at this point that the quantity theory of money becomes central. Having been reduced to a means of circulation, money appears to be distributed in such proportions as to allow beneficial barter relations among nations, as if money did not exist (*R*: 137).³³ As we shall discuss in Chapter 4, Ricardo initially determined the value of money, like that of any other commodity, according to the labour theory of value (*R*: 146). When he deals with the international movement of precious metal, however, he adopts the opposite view and invokes the quantity theory of money, which assumes that its value is determined by its amount in domestic circulation (*CW*29: 401–2). According to this theory, when the amount of gold rises relative to the commodities in circulation, prices rise, and when it falls, they fall. Money is primarily considered as *currency*, while its functions of hoard, means of payment, world money and measure of value are ignored. In the light of these assumptions, Ricardo compares the number of working hours necessary for the production of wine and clothes in England and Portugal, which, in his model, turns out to have an absolute advantage over England. If transport prices are not prohibitive, Portugal would export wine and clothes to England, which would have a permanent trade deficit and export gold to Portugal. In Britain money supply and prices would thus decrease, and the opposite would occur in Portugal. The latter's advantage in terms of productivity would thus be offset by the relative growth in monetary prices. The British commodity with the smaller disadvantage – i.e. clothes – would thus gain a relative advantage over the Portuguese commodity. In the long run, free trade would be advantageous for both nations.

In Ricardo's view, any restrictions on free trade lead to an unfavourable distribution of world capital: they burden both the country forced to buy on less convenient markets but do not give any real long-term benefit to the seller, which in the short term avoids the consequences of a lack of competitiveness only to make the problem much worse in the longer term. The general benefit, for Ricardo, is secured only by universally free trade, which allows the most productive distribution of each country's capital and labour (*R*: 343). 'This pursuit of individual advantage is admirably connected with the universal good of the whole' (*R*: 133–4).

In the *Principles* the theory of comparative advantage applies also to the colonies, which are considered as independent countries. Ricardo could do so because, at his time, British industrial monopoly was undisputed (Winch 1965:

41); in 1817, moreover, the Union with Ireland was legislatively complete and the British were advancing in Asia (Mehta 1999: 11). Ricardo was thus in a position to naturalise the effects of colonial oppression and market expansion. In the *Principles* he argues that the wage depends essentially on people's customs and habits. In comparing the condition of British and Irish workers, he says nothing about Ireland's colonial status and the historical roots of its underdevelopment. He does not even mention the processes of land concentration, depopulation and emigration resulting from the British rule in Ireland or the central importance of Irish immigrants for British industry (Collison Black 1976).

An English labourer would consider his wages under their natural rate, and too scanty to support a family, if they enabled him to purchase no other food than potatoes, and to live in no better habitation than a mud cabin; yet these moderate demands of nature are often deemed sufficient in countries where 'man's life is cheap', and his wants easily satisfied.

(R: 97)

In colonies with abundant fertile land and large productive potential, only better government, property security and popular education were needed. In densely populated colonies, however, the main solution was a decrease in population growth and increasing capital accumulation, which, while not practicable in 'rich countries', was still possible in 'poor countries' (R: 100).³⁴

In the light of these overall assumptions, Ricardo had recourse to his theory of rent to explain the decline in the rate of profit, which would take place because of an increase in wages resulting from the growth of the population in relation to the available land. The extension of agricultural production to the worst soils would determine a rise in the prices of raw materials, food products and wages, and a decline in profits, leading to economic stagnation (R: 93). By tracing the main contradictions of capitalism back to the existence of landed property, Ricardo attributed an unprecedented importance to the theory of rent. He represented the position of the industrialists in their struggle against the landed aristocracy and the Corn Laws, and for the free import of cheap cotton.³⁵

For Marx, Ricardo's theory of rent generalised processes that took place in England between 1770 and 1815, when the population grew hugely and became concentrated in industrial districts; since the import of primary products was forbidden by the Corn Laws, rising demand led to the cultivation of the worst soils, resulting in increasing prices and rents, a diminishing rate of profit and limited improvements in agricultural productivity. Agricultural improvements and the opening up of new markets, along with foreign and colonial trade – Ricardo admitted (R: 119) – could momentarily counteract the trend of the prices of basic subsistence commodities to increase, and even reduce them; this explains why he placed a great faith in the repeal of the Corn Laws. As we saw earlier, however, Ricardo only mentioned the consequences of free trade on variable capital, not on constant capital, and did not consider them systematically. In his view, agricultural improvements did not eliminate the necessity of cultivating

the worst national soils. In the final analysis, 'profits depend on high or low wages, wages on the price of necessities, and the price of necessities chiefly on the price of food, because all other requisites may be increased almost without limit' (*R*: 119).

While Smith believed that economic growth could lead to wage increases, for Ricardo the more society advanced, the richer landlords would grow at the expense of both workers and capitalists. Ricardo adhered to Malthus's theory of population, which claimed that, since the population increases geometrically (doubling every 25 years) while food production increases arithmetically, the wage fund grew much more slowly than the national wealth, impeding any improvement in the workers' situation. Support for the poor would have only worsened the situation: hunger, disease and famine kept the population to a sustainable level given existing resources. With Ricardo, therefore, the law of wages ended up being based on natural elements such as human and natural fertility. Indeed, according to the iron law of wages, the bare subsistence level of workers' wages was the result of a natural law. Along with scholars like Joseph Townsend, Thomas Malthus, Jeremy Bentham and Edmund Burke, Ricardo opposed the Poor Laws and agreed on the necessity of creating a self-regulating labour market (*R*: 109; Polanyi 1957: 116, 127).

In his 1861–63 *Manuscript* Marx pointed out that, by identifying the value and price of production, Ricardo ignored the existence of absolute rent, but only considered differential rent, consisting of the difference between the market price of agricultural goods (set by conditions on the worst soil) and the value of the products of the more fertile soils. He thus presupposed the non-existence of landed property: in his system, the originally cultivated land and the worst soil do not give rise to any rent. For Ricardo, rent does not exist in the first colonisation of a country where there is plenty of land: a thesis that, for Marx, was only valid with regard to modern settlement colonies but, as Wakefield argued (see Chapter 4.3), did not apply to developed capitalist production. This thesis was also completely false if applied to historical processes in Europe. Only by recognising the difference between values and prices of production is it impossible to understand why the monopoly of land ownership impedes the equalisation of the values of agricultural products at the level of the prices of production, giving rise to an absolute rent. As Ricardo did not consider the limits imposed by land ownership to the development of productive forces in agriculture, he presupposed an equal organic composition of capital in the industrial and agricultural spheres, making the decline in agricultural productivity an absolute law. These two mistakes, for Marx, invalidated his ground-rent theory and, therefore, his entire economic system (*CW*31: 464–5). Ricardo was unable to explain the most obvious phenomena of modern production such as the tendency of the rate of profit to fall (*G*: 596).

To conclude, if economic thought in the period of the genesis of the capitalist mode of production assumed an immediate unity between the economic and the political, and focused on the international sphere, where it believed profit originated, classical economists elaborated the labour theory of value by abstracting from foreign trade, but did not conceive of capitalism as a closed national

system. This view derived from their lack of development of the labour theory of value: a theory that is neither abstractly national nor abstractly international, but expresses the process of universalisation of the capitalist mode of production. As we will see in Chapter 3, once the free trade doctrine became the guideline of the British government, it was widely believed that it was the expression of the particular interests of a particular class – that of the rising British capitalists – who were aiming to turn Britain into the ‘workshop of the world’ and to subordinate, by any and all means, broader and broader swathes of the planet to its system of the division of labour. What is more, while at Ricardo’s times the balance of trade was almost always favourable to Britain, the periodic commercial crises after 1825 made it no longer possible to deny the possibility of general crises of overproduction.³⁶ This will lead the representatives of the Banking School to question the quantity theory of money.

1.4 Asiatic despotism, civil society and civilisation

The conquest of America, the extermination of the natives and the slave trade were justified by a representation of colonised peoples and Africans as inferior. Without considering the rise of capitalism and colonial expansion – Eugenio Garin emphasises (1971: 26) – it is impossible to understand how the conquerors depicted the worlds they exploited. The question of the ‘savages’, for Sergio Landucci (1972), informs an important part of modern political thought, and also influenced eighteenth-century social science (Meek 1976: 2–3). After the conquest of Mexico and Peru, all Native Americans – the so-called West Indians – were portrayed as wild and primitive. The main political distinction was between those peoples who were living under constitutions and governments comparable to the European tradition, and those who were ‘non-political’ and, therefore, bestial. We witness this approach, of Aristotelian origin, within Hugo Grotius, Francisco Suárez, Francisco De Vitoria, Bartolomé de Las Casas, and José de Acosta, who produced the first hierarchical classifications of the human species: East Indian peoples followed the Europeans, while Native Americans belonged to the lowest level of humanity and had to be elevated violently (Landucci 1972).

In Hobbes, the rejection of the Aristotelian view of the *zoon politikon* was accompanied by the acceptance of the Scholastic identification of *societas* and *civitas*: hence society only arises when a contract creates a state. Opposing such conceptions, Leibniz distinguished society and the state (*omnem civitatem esse societatem, sed non contra*), and looked at the social formations of the American tribes (in Severinum de Monzambano, c.1668–72, in Landucci 1972: 109). After Leibniz, Locke was the first philosopher who analysed the internal structure of Native American societies, interpreting them through the lens of English society, then in transition to capitalism. For Locke, only European societies, because they were organised as states, were nations and had the right to their territorial political integrity. The European state system was humanity’s destiny: Native Americans and the British differed from each other as children from the adults; colonial power was exercised to accomplish a duty towards humanity. While asserting the limits to

absolute power in Europe, Locke assimilated the Indians to 'wild savage beasts', which 'man' could not live in security with and had the right to destroy (Locke 1980: 111, §11; see also Petty 1927; Losurdo 2011: 23–5).

Until the end of the eighteenth century, this approach was not applied to Asia, where ancient state formations existed. From the Renaissance onwards, European political thinkers like Niccolò Machiavelli, Jean Bodin, Francis Bacon and Thomas Hobbes tried to define the character of the forms of government in their own societies by opposition to the Turkish or Muscovite orders (Anderson 1974: 397–8; Bailey and Llobera 1981: 16). From the end of the sixteenth century, in the wake of the expansion of European trade with Asia, the concept of Oriental despotism allowed Europeans to proclaim their moral and political superiority against the most powerful non-European civilisations of the Ottoman Middle East, Persia, India and, above all, China (Rubiés 2005: 111). As Krader argues (1975: 19),³⁷ knowledge of Asia was based on the accounts of travellers like Thomas Roe, Niccolao Manucci, William Methold, Adam Olearius, François Bernier, Jean Cardin, Jean-Baptiste Tavernier and Jean de Thavenot, who presented Asian peoples as living in conditions of extreme want or luxury, and subjected to the sovereign's arbitrary power. European travellers were not interested in village life but in the courts; immersed in the political debates of their own countries, they summarily opposed East and West, mystifying the conditions existing in both. At the time, in fact, the differences in the levels of economic development between East and West 'were rather anticipatory than actual'. European travellers 'made much of the misery of the Oriental peasantry, whereas they could have observed the same conditions at home' (Krader 1975: 20). Even though they recognised the development of certain manufacturers in Asia, they affirmed the superiority of the European ones, defining cultivation and government traditions in Asia as stagnant in comparison to Europe, which was in a process of transformation.

The theory of Oriental despotism depicted governments in Asia as personal and despotic on the basis of the assumption that the monarch was the sole land-owner or that his absolute power derived from sovereignty as such (Krader 1975: 23). In 1615, Thomas Roe, English ambassador at the Mughal's court, wrote a travel account claiming that all land there belonged to the king: a thesis repeated by William Melthold three years later. François Bernier – a French physicist who lived and practised for some years at the court of the Great Mughal (until 1666) – resumed this economic, financial and legal subject, adding moral and political judgements. Along with Jean-Baptiste Tavernier – a merchant enriched through colonial trade – Bernier is one of the leading representatives of seventeenth-century travel literature on the Orient.

Bernier described India as a vast and fertile country, with a flourishing textile industry, able to attract gold and silver and to maintain a favourable balance of trade. In his view, the Oriental land system had certain features distinguishing it from Western feudalism and determining the specificity of the entire Oriental system [see B63 Heft LXIV, pp. 62–5]. In Asia, the sovereign conditionally granted land plots to governors and peasants in exchange for an annual surplus, and service land (*jaghir*) to the military. There was no commercial economy

independent of the royal system of taxation and patronage; intermediate classes like the *zamindars* were prosperous but not autonomous of the sovereign. Owning the land, the sovereign had an absolute authority over peasants, craftsmen and merchants, which was only partially limited near large cities, where complaints could more easily be taken to court. As a consequence, peasants lived in a state of fear worse than that of slaves; they worked badly and only under constraint, without bringing any improvement to the land. One of the most important aspects of Bernier's reflections – which Richard Jones would develop further two centuries later – was his emphasis on the barriers posed by the system to manufacturing development and the expansion of European trade. For Bernier, the lack of private property was the cause of the decline of the Asian kingdoms ([1709–10] 1830: 329–30). Significantly, his discussion was cast as a piece of advice for Colbert, general and finance controller under Louis XIV.

Bernier shared a then common merchants' Orientalism (Rubiés 2005: 144). Indeed, similar descriptions of the tyranny of Oriental rulers are to be found in Manucci and Tavernier. The latter, however, did not support the thesis of the monarch's absolute ownership of the land: Tavernier (1684) saw the monarch, not as the owner, but the as absolute master of the country, receiving revenues for his public function. Jean Chardin – who also travelled through Persia and India in the second half of the seventeenth century – presented a more complex picture. The Safavid king did not possess all lands: state lands (*Mokufat*) were distinct from state-granted land (*Kasseh*), and these were in turn divided between general and particular state-granted lands. For Chardin, the Persian economic system was pluralistic, while the political system was centralised. Common people were not in close contact with the monarch; his legislative functions could not be compared to those of European monarchs and his power was limited by customary rights (Chardin in Krader 1975: 28). In spite of these more differentiated analyses, it was Bernier's theory of Oriental despotism that came to prevail. His remarks on the absence of private property in land were extended from the state of the Great Mughal to the 'Orient' as a whole, along with the thesis that despotism was its inevitable result. His theory of Oriental despotism became a convention with the force of prejudice among political economists, philosophers and scholars of the Orient during the following two centuries (Krader 1975: 28).

In the eighteenth century, we witnessed a process of secularisation of history and the development of the humanities and of the natural sciences. For Enlightenment thinking, a 'science of man' was necessarily empirical, rooted in experience and evidence. In the first part of the eighteenth century, comparative studies of European and Oriental civilisations were mainly focused on politics. In *De l'esprit des lois* (1748), with the intent of supporting constitutional monarchy in Europe, Montesquieu reiterated Bernier's argument on the absence of private property in Asia, distinguishing various types of despotism associated with climate, of which the Asiatic was the worst.³⁸ According to his environmentalist theory, freedom was the exclusive way of life for northern peoples; although Europe itself could corrupt the principles of its civilisation, slavery was 'natural' within southern peoples.³⁹

Montesquieu's view was strongly criticised by Voltaire and François Quesnay, who put forth the distinction between 'arbitrary' and 'legal despotism'. For Voltaire, the vast empires of the Orient could not really remain cultivated were the regimes as despotic as claimed; Europeans arrogantly ignored the great Chinese achievements that, admittedly, he saw as something belonging to the past. Voltaire's most pro-Chinese views were his most 'rhetorical' ones, not based on a deep study of the sources but aimed at supporting his belief in legal absolutism (Rubiés 2005: 170). A more empirically grounded critique of Montesquieu and Bernier was formulated by Abraham Hyacinthe Anquetil-Duperron, who travelled in India at the time of the British conquest of Bengal.⁴⁰ In *Législation Orientale* (1778), he strongly challenged the view that in the 'Orient' – Persia, Turkey and India in particular – the native system of government could be defined as despotic. Drawing also on written traditions, he tried to prove the actual existence of laws and private property rights. The thesis of the absence of private property in land, in his view, was a fiction used by the colonialists to facilitate the confiscation of the natives' lands (Venturi 1963: 139). Anquetil-Duperron also contested the thesis that villages owned lands collectively (Bailey and Llobera 1981: 20).

In the second half of the eighteenth century Montesquieu's environmentalist approach was questioned also by representatives of the stadial accounts of history, which emphasised material factors and modes of subsistence as the basis for different societal institutions. Evolutionary thinking emerged in France and Britain, Scotland in particular, countries themselves in a process of profound economic transformation of their modes of subsistence; four historical stages in these modes were distinguished – hunting, pasturage, agriculture and commerce (Grossman 1943: 384; Meek 1976: 127–8). A historical, materialistic method informed the attitude of members of the Scottish Enlightenment, beginning with Adam Smith, who developed a universal history of the stages of human development.⁴¹ It was within this broad materialistic framework, first presented in France by Quesnay and Mirabeau in their *Philosophie rurale* (1763), that the physiocratic ideas were set (Meek 1976: 132–3). Within the physiocratic school a more complex view of Asia came to prevail. Quesnay, for example, related the Chinese system to its system of natural law, arguing that despotism there was legitimate and not arbitrary; property was private and secure, and individuals paid part of the harvest *as taxes* ([1767] 1888). While Simon Linguet praised Oriental despotism (see *CW*31: 241), the Abbé Baudeau ([1771] 1846) denounced it in favour of the system of private property.

The starting point of Adam Ferguson's *Essay on the History of Civil Society* ([1767] 1969) is a parallel between individual development from childhood to adulthood, and human development from rudeness to civilisation. History is seen as a civilising process: a process of development of civil society that is based on the division of labour and the development of productive forces, up to the highest stage reached by trading nations. Ferguson praises the progress resulting from the division of labour in terms of commercial wealth, but also its deleterious consequences on workers, who are forced to accomplish abstract and mechanical functions, and condemned to helotry (Ferguson 1969: 302–7). As individualism

prevails, human beings are torn apart by a series of dualisms and lose a vision of the whole, while increasing inequality makes them unable to exercise democracy (Ferguson 1969: 313–14). Advanced civil society appears as an ‘age of separations’. Ferguson sees the rabble as an element of disintegration of state life but does not present colonisation as a solution, as it would further loosen political ties (Ferguson 1969: 367; Paquette 2003: 430). The naturalisation of private property, however, leads him – in a less known and discussed aspect of his thought – *implicitly* to justify colonialism, which is assumed as a matter of fact.⁴² Drawing upon Montesquieu’s environmental determinism, Ferguson associated despotism with the ‘torrid zone’ in its entirety. The silence of historical information proved the weakness of the peoples in the New World and in Asian regions hit by blazing sun. In these regions political changes did not affect the lives of the people, whose spirit was prone to slavery (Ferguson 1969: 181–202).

During the last two decades of the eighteenth century, interest in the four stages theory reached its apogee,⁴³ and this became the premise for the development of the then nascent political economy. Indeed, as Ronald Meek underlined, the great eighteenth-century systems of classical political economy *arose out of* the four stages theory. We can observe a similar transition within Smith, Turgot, Quesnay, Condillac and also Cantillon and Steuart (Meek 1976: 119–220). On the one hand, crucial elements of the four stages theory were carried over into the economic analysis, like the notions of the autonomy and regularity of historical processes and of the necessity of historicising commercial society in order to analyse it (Meek 1976: 221). The development of classical political economy, on the other hand, laid the foundation for elaborating a scientific analysis not only of bourgeois society but of pre-capitalist societies as well and, as a consequence, for questioning some of the assumptions of the four stages theory. The investigation of the laws of capital accumulation on a world scale, in fact, allowed identification of the common characteristics and of the interactions between geographically coexistent societies.

The naturalisation of the bourgeois horizon, however, led to a unilinear and teleological approach to history, which reaffirmed the existence of the same stages of development for all peoples, considered in isolation: from primitive economics to the agricultural stage, from the combination of agriculture and handicrafts up to modern industry. As Europe was presented as the height of civilisation, bourgeois relations were ‘quietly smuggled in as the inviolable natural laws’ of society in the abstract (G: 87), against which pre-capitalist societies were interpreted. This approach resulted in a naturalisation of the inequalities existing both at the national level and internationally: a naturalisation that found less and less philosophical and theological bases in favour of pseudo-scientific ones. These rested on the ‘myth of primitive accumulation’, according to which wealth and poverty reflect the inherent characteristics of individuals and entire peoples. A diligent and frugal élite accumulated wealth through its labour and saving, while a lazy and improvident majority ended up having ‘nothing to sell except their own skin’ (CI: 873).

Smith’s *Wealth of Nations* stands out from the rest of the literature for his attempt to analyse the political economy of Asian societies⁴⁴ (Krader 1975: 119).

Smith denounced the English Company's plunder, oppression and domination of India and the political role it exercised, incompatible to that of trader (*WN1*: 82; *WN2*: 33, 147; 343; see also Muthu 2008). He also questioned and ridiculed the sources of European followers of the Enlightenment in so far as they were based on the eyewitness accounts of 'weak and wondering travellers; frequently by stupid and lying missionaries' (*WN2*: 251; Arrighi 2007: 58). Smith, however, considered the descriptions contained in Bernier's travel memoirs to be more plausible. In his view, the specificity of the political economy of Asia was that a substantial portion of the sovereign's revenue derived from land rent or land tax. Revenues and rents were not distinguished: the sovereign had a public and private role, and, in order to maximise its entries, was attentive to agriculture and public works, organising irrigation and road-building works and providing an extensive market for the products (*WN2*: 251–2; Krader 1975: 38).

In Book 3, 'Of the Different Progress of Opulence in Different Nations', Smith mentions Egypt, China and 'Indostan' as examples of countries that had followed the 'natural progress of opulence', according to which 'the greater part of capital of every growing society is, first, directed to agriculture, afterwards to manufactures, and last of all to foreign commerce' (*WN1*: 405; Arrighi 2007: 57). This path was the exact opposite of that followed by Europe, which was 'unnatural and retrograde' because it was based on trade and manufacturing. Like ancient Egypt and 'Indostan', China acquired 'riches by the cultivation of its own lands, and by its own interior commerce, but not by foreign trade' (*WN1*: 520, 24–5; *WN2*: 201–2). Because of the great extent of the Empire in China and 'Indostan', but not in Egypt, the home markets were sufficient to support the development of manufacturers and the division of labour (*WN2*: 202–4). 'In manufacturing art and industry, China and Indostan, though inferior, seem not to be much inferior to any part of Europe' (*WN1*: 229); the condition of 'country labourers', moreover, was superior to that of 'artificers and manufacturers' (*WN1*: 142). While 'Indostan' was dominated by the East India Company, Smith deemed Chinese society to be 'stationary', even though at a certain (high) level of development (*WN2*: 80; Pitts 2005: 40). Although it had long been one of the richest and most fertile countries in the world, China had since become stagnant and wages were low:

The poverty of the lower ranks of people in China far surpasses that of the most beggarly nations in Europe. In the neighbourhood of Canton many hundred, it is commonly said, many thousand families have no habitation on the land, but live constantly in little fishing boats upon the rivers and canals. The subsistence which they find there is so scanty that they are eager to fish up the nastiest garbage thrown overboard by any European ship. Any carrion, the carcase of a dead dog or cat, for example, though half putrid and stinking, is as welcome to them as the most wholesome food to the people of other countries. Marriage is encouraged in China, not by the profitableness of children, but by the liberty of destroying them.

(*WN1*: 81)

If the growth of the agricultural sector could create conditions for the spontaneous development of manufacturing and foreign trade, in China this was prevented by ill-advised institutions and laws, most notably by the prohibition of foreign commerce and the admission of 'the vessels of foreign nations into one or two of its ports only' (*WN1*: 106). Although unique in its attempt to analyse the internal functioning of Chinese society, therefore, Smith's approach was not so very different from that of his European contemporaries both in the case of those critics of China, such as Montesquieu, and of apparent 'Sinophiles', such as Voltaire and Quesnay, who tended to contrast Asia and Europe with reformist and moralising intentions, this time in favour of free trade. This measure, in fact, clearly responded to the interests of British manufacturers looking for larger markets – however 'unnatural' Smith may have deemed them.

According to this liberal and generous system, therefore, the most advantageous method in which a landed nation can raise up artificers, manufacturers and merchants of its own, is to grant the most perfect freedom of trade to the artificers, manufacturers and merchants of all other nations.

(*WN2*: 192)

Smith's stadal account (from agriculture to manufactures and foreign trade), moreover, was a reflection of British reality, where agriculture, industry and trade were gradually becoming separated and increasingly specialised economic spheres, rather than of the Chinese one, characterised by a fundamental union of agriculture and domestic industry (also affirmed by his sources, starting from Bernier) (see Vries 2003: 26, and Chapter 5 in this book). At the height of the process of enclosure, when Britain was intent on transforming the world into a reservoir of raw materials and markets for its manufactured goods, Smith naturalised the division between agriculture and manufacturing: a model that clearly reflected the interests of the rising British bourgeoisie and Smith's 'project of empire'. If this project was unable to prevent the secession of the American colonies, it was partially realised after the repression of the Sepoys Uprising, when the British Crown assumed direct control over India (1858). With the Opium Wars, moreover, the British tried forcibly to open China to the world market and to convert it into an 'agricultural' country.

Despite his lack of direct historical analysis, by presupposing a fully globalised system, Ricardo radically historicised the capitalist mode of production and could thus identify the antagonism between capital and wage labour. In this way, for Marx, Ricardo laid the foundation for understanding history as a 'history of class struggle', approximating the real process of historical development more closely than Smith.⁴⁵ Exposing the economic antagonism of classes, political economy *discovered* 'the root of the historical struggle and development' (*CW31*: 392). As we have discussed, Ricardo laid the basis for conceiving of accumulation as a process of uneven and combined development based on class struggle. Overcoming the view of societies as isolated wholes, such an approach excludes *stadial* interpretations of history, making it theoretically possible to incorporate the interactive

character of development in its overarching logic. Ricardo, however, had reached the limit of political economy as a bourgeois science, and could not permit such an idea of development and social change to prevail (Grossman 1943: 384). The classics' naturalisation of the capitalist mode of production led to the progressive separation between theory and history, which informs the post-Ricardian narrow view of economics.

Notes

- 1 The slave trade has been one of the main migratory movements in human history. It lasted more than four centuries (1445–1870), peaking between 1700 and 1850 (Potts 1990: 40–1).
- 2 'The modern (Western) state is not single but dual, its domestic being inseparable from its geo-political life' (Mann 1988: 151).
- 3 For Lars Magnusson (1993: 8), the view that the economy must be perceived as an independent system is 'perhaps the most important side of the mercantilist revolution'.
- 4 Aristotle established a fundamental difference between economics and chrematistics, a term that denoted all activities aimed at accumulating money.
- 5 The Westphalia Treaty sanctioned the *jus publicum europeum*, regulating inter-state conflicts in a European sphere sharply divided from the rest of the world, which was the object of colonial conquest and where the *jus hostis* was absent.
- 6 On the link between liberalism and empire, see also Tully (1993), Arneil (1996), Farr (2008) and Pitts (2010).
- 7 See, in particular, Gallagher and Robinson (1953), Winch (1965), Harnetty (1972), and Semmel (1978, 1993).
- 8 In 1766, Britain replaced Holland as China's main commercial partner (Hobsbawm 1968: 51).
- 9 The first free market movement in the 1780s did not have any significant political effect and during the war against revolutionary France Britain resorted to protectionist policies (Brewer 1990: 85). After Waterloo, however, the industrialists were more receptive to the free trade doctrine and had a growing influence on government policies (Brewer 1989: 68; Winch 1965: 48). In the mid-1820s the first official steps were taken to relax the old colonial system (Winch 1965: 4).
- 10 The term first appeared as 'système mercantile' in Mirabeau's and Quesnay's *Philosophie Rurale* (1763).
- 11 The relationship between foreign trade and internal development of production has attracted the attention of historians less than the contrast between 'free traders' and supporters of government control of trade, which 'was in itself much less important for the authors of the seventeenth and eighteenth centuries' (Perrotta 1991: 304–5). See also Wallerstein (1980: 38).
- 12 For Marx, money is a means 'for creating the true generality [*Allgemeinheit*] of exchange value in substance and in extension' (*G*: 225).
- 13 See also Magnusson (1993: 7) and Sophus Reinert's 2011 English edition of Antonio Serra's *Short Treatise*.
- 14 Malynes, Misselden and Mun, like, later on, Child and Davenant, were all involved in foreign trade and in running the East India Company (Clement 2006: 296).
- 15 Under the mercantile system labour organisation in England rested upon the Poor Laws (1536 and 1601) and the Statute of Artificers (1563).
- 16 The eighteenth century witnessed a tremendous growth of public debt and taxation. According to some calculations, between 1665 and 1790, taxes grew sevenfold in monetary terms, and fivefold in proportion to an estimated national income: from 3 per

cent in 1665 to 16 per cent in 1815. In the late eighteenth century, the average tax burden in Britain was double that in France and greater than in any other part of Europe, except perhaps in Holland. In times of war, no less than 60–70 per cent of state revenues were spent for military activities (Brewer 1989: 166–7; Stone 1994: 7–8).

- 17 See, in this regard, Chapter 4.9 in this book, and Marx's article 'The East India Company – Its history and results' (written on 24 June, published in the *NYDT* on 11 July 1853; *CW12*: 148–56).
- 18 Karl Marx, 'The War Question – Doings of Parliament – India' (written on July 19, published on 5 August 1853, in the *NYDT*; *CW12*: 216).
- 19 William Petty (1632–87) began his working life as a cabin boy at sea and was part of England's conquering army in Ireland.
- 20 For Marx, although the physiocrats assumed the value of labour power (i.e. the price of the necessary means of subsistence and reproduction) as given and reduced it to an unchangeable *minimum*, determined by nature, they drew correct conclusions from this assumption (*CW30*: 354).
- 21 For Marx, Turgot was the 'radical bourgeois minister' who prepared the way for the French Revolution by abolishing the guilds, annulling the road-making *corvées des paysans* and trying to introduce the single tax on rent of land (*CW30*: 373–4).
- 22 The contradictions of Smith's critique of the balance of trade theory are of central importance for understanding the criticisms of the classics raised by theorists of the late-developers such as François Louis Auguste Ferrier, Alexander Hamilton, Friedrich List and Henry Carey (Perrotta 1991: 301).
- 23

Adam Smith did not yet know the phenomenon of overproduction, and crises resulting from overproduction. What he knew were only credit and money crises, which automatically appear, along with the credit and banking system. In fact he sees in the accumulation of capital an unqualified increase in the general wealth and well-being of the nation. On the other hand, he regards the mere fact that the internal market develops into an external, colonial and world market, as proofs of a so-to-speak relative overproduction (existing in itself) in the internal market.

(*CW32*: 154)

- 24 This explains why Smith has been criticised for having an approach closer to the mercantilists' than to the liberal one.
- 25 Smith provides a psychological explanation of the 'price of labour', which he traces back to its being a sacrifice: a negative determination that expresses the subjective relation of the wage workers to their own activity but that, for Marx, does not explain anything (*G*: 610–14).
- 26 As Karl Polanyi (1957: 92) has underlined, up to the time Smith published his *Wealth of Nations* pauperism was not as alarming as it was subsequently.
- 27 For Ricardo, 'in rich countries [...], capital will naturally flow, when trade is free, into those occupations wherein the least quantity of labour is required to be maintained at home: such as the carrying trade, the distant foreign trade, and trades where expensive machinery is required' (*R*: 349).
- 28 For the original formulation of the concept of uneven and combined development, see Leon Trotsky ([1932] 1980), Volume 1, Chapter 1. For an assessment of the contemporary debate, see Anievas's edited collection *Marxism and World Politics* (2009).
- 29 James Mill formulated this law in *Commerce Defended* (1808). The thesis that every country contains within itself a market for all its products denied the necessity of foreign trade, thus making the Ricardian case against colonies complete (Winch 1965: 44).
- 30 Marx distinguishes between variable capital, which is invested in the employment of labour power, and constant capital, which is used to buy fixed assets, machinery, raw materials, and other elements of the means of production. The distinction reflects the different role of these two kinds of capital in the creation of value: labour power, set

to work in production, creates new value and transfers the value of means of production to its products.

- 31 For Marx the concept of relative wage was central for overcoming the view of 'wages as something simple' and, consequently, of the worker as 'an animal' (*CW*32: 54).
- 32 Finding low-cost raw materials becomes increasingly important with industrial development, because 'the value of the raw material forms an ever-growing component of the value of the commodity produced' (*CIII*: 203–4).
- 33 In the *Principles* Ricardo does not analyse money in a specific section but only repeats the views about money expressed in his previous writings, in which he summed up those of his predecessors (*CW*29: 399–401).
- 34 Ricardo gave his support for Robert Wilmot Horton's experiment of assisted emigration from Ireland to Canada, discussed in Parliament in 1823, but, like Thomas R. Malthus, was not convinced of the value of this solution (Winch 1965: 71; Collison Black 1976).

35

To let in raw materials as freely as possible was already a principal doctrine of the system of protection in its more rational presentation. This was, alongside the repeal of the Corn Laws, the main preoccupation of the English Free-Traders, when they took care to abolish the duty on cotton as well.

(*CIII*: 202)

- 36 Ricardo only admits the possibility of a partial over-production, but not of a general one, in what Marx defines a childish argument (*CW*32: 136–7).
- 37 Anne Bailey and Josep Llobera (1981: 24) rightly underline that one of the main merits of Lawrence Krader (1975) consists in overcoming the 'epistemologically blind historiography' of scholars like Karl A. Wittfogel (1957) and Perry Anderson (1974).
- 38 See, in particular, Books XVII–XIX on despotism; book V.14 on the prince as the only owner of land, and Book V.15 on climate. Providing the example of China, Montesquieu also links despotic political authority to the dimension of the reign (Book VIII.19). His negative view of China reflected the shift in the popular representation of China that had occurred in Europe by the eighteenth century, when Sinophobic writings became predominant (Dawson 1967).
- 39 For Montesquieu, in some countries, but not in Europe, climate may be a justification of slavery (Krader 1975: 32).
- 40 Anquetil-Duperron was the first professional French scholar of Indian culture and, between 1755 and 1761, travelled throughout the subcontinent.
- 41 According to Ronald Meek, while Smith was not the first to *publish* a stadial account of history, his highly original and influential *Lectures on Jurisprudence* were probably delivered several years before the first stadial theories were published in Scotland (Meek 1976; Pitts 2005: 28).
- 42 'The nations of Europe who would settle or conquer on the south or the north of their own happier climates, find little resistance: they extend their dominion at pleasure, and find nowhere a limit but in the ocean, and in the satiety of conquest' (Ferguson 1969: 188). See also Blaney and Inayatullah (2010: 97).
- 43 Evolutionary thinking was also influenced by the revolution in astrophysics brought about by Laplace's *Exposition du système du monde* (1796), whose high recognition was also due to the intellectual atmosphere of the French revolution.
- 44 'Only in the nineteenth century was the society in the countries of Asia acknowledged as a subject of study unto itself' (Krader 1975: 1).
- 45 In Dimitris Milonakis's and Ben Fine's view (2009: 21), on the contrary, Ricardo's deductive method implied a lack of direct incorporation of the historical.

2 Hegel, imperialism and world history*

2.1 Introduction

In *Elements of the Philosophy of Right* ([1821] 1991) Hegel set out to reformulate juridical, ethical, economic and political theory, overcoming the rift between them in a system designed to comprehend the society of his day – a system understood as a moment of the realisation of World Spirit.¹ In this chapter I investigate the link between Hegel's philosophy of history and his political economy. I focus, in particular, upon his analysis of the expansionism of civil society as it emerges from a reading of the *Philosophy of Right* and his lectures on the philosophy of right (*Lectures*) in the light of his *Philosophy of History*. The *Lectures* are a fundamental source, albeit still under-researched, for reconstructing the evolution of Hegel's thought during the last fifteen years of his life. In them Hegel voiced more straightforwardly and with clearer examples some analyses that are less easily accessible in the works he actually published, but are of particular importance for understanding his examination of civil society.

The *Lectures* confirm Hegel's tendency towards a more concrete explanation of the social order of his time. This was characterised by such great historical events as the Industrial Revolution and the French Revolution, which was part of the wave of the Atlantic revolutions opened up by the American War of Independence. Breaking up the last remnants of feudalism, the French Revolution summoned onto the battlefield the 'fourth estate' (the working class),² and this began to unite, struggling to conduct the revolution beyond the formal rights of equality and liberty. The social and political institutions born of it, however, were bitterly disappointing. 'All that was wanting' – as Engels remarked – 'was the men to formulate this disappointment, and they came with the turn of the century' (*CW*24: 289). Saint-Simon published his Geneva letters in 1802, Charles Fourier's first work appeared in 1808, while in 1800 Robert Owen undertook the direction of New Lanark. In the same years, developments in the newly founded state of Haiti were widely discussed in Europe, including in Germany, where the liberal journal *Minerva*, regularly read by Hegel, devoted particular attention to them. In the *Vormärz*, German liberals looked expectantly at Haiti and at the newly independent Latin American republics, which seemed to establish what they also wanted to realise in Germany (Buck-Morss 2009: 13; Schüllern 2001: 27, 30).

During the Restoration, the social question was growing in importance across Europe. In the German states international competition was leading to the impoverishment of broad swathes of the population (Trebilcock 1981: 30). Crises of overproduction and poverty appeared as phenomena inherent in the system, tarnishing its harmonious representation as proffered by classical economy. At the same time, workers were beginning to organise themselves and to see themselves as members of a class that went beyond national borders. The currents of utopian socialism condemned the consequences of the industrial system – its harmful effects on workers, crises, wars, colonialism and slavery – and demanded a social reorganisation based on cooperation (Stedman Jones 2006b: 47). Thinkers like Saint-Simon and Sismondi were also evolutionist historians: they criticised the Enlightenment conception of human nature and elaborated the elements of the materialistic vision of history developed earlier by the classical economists (Grossman 1956: 384–5).

Hegel's *Lectures* not only show the influence of mercantilism, the German Cameralist tradition and classical political economy,³ but also that of utopian socialists like Saint-Simon and Sismondi. Despite its crucial importance, apart from a few exceptions (Losurdo in Hegel 1989: 283–4; Stedman Jones 2006a: 212), this point has been underestimated or ignored in the literature. In this chapter I argue that Hegel gained through these thinkers an increasing awareness of the contradictions of civil society. Differently from in his early economic writings (Lukács [1966] 1975: 366–7), in the *Lectures* social antagonisms appear to be a driving force of the development of civil society. The centrality attributed to labour and to historical evolution permitted Hegel to overcome, in part, the contradictions of the classical economists. While the latter ended up by formulating a static model of civil society, unrelated to the past and founded on human nature, Hegel presented it as a historically determined system (Diesing 1999: 17–19). What is more, he identified some contradictions that are present both at the national scale and in the system in its universal projection (Sections 2–4).

Hegel, however, considered capitalist society as humanity's supreme stage of development and naturalised the form of value-producing labour (Section 3). In the *Philosophy of Right* he upheld the necessity of economic intervention by the state to limit the negative effects of the industrial system and the risks caused by the 'creation of a rabble' (*PR* §244). State support for the expansion of markets and colonies was presented as one of the main forms of political intervention designed to guarantee social cohesion in Western Europe – which, however, remained continually exposed to the risks caused by the contradictions of civil society (Sections 4 and 5). In Section 6 we shall see that, in the *Philosophy of History*, Hegel rejected the materialistic approach to history of the classical economists and of the utopian socialists. He not only justified but also promoted European expansionism on the basis of a Eurocentric vision of peoples that clashes with the universalist perspective of his *Philosophy of Right*.

2.2 Political economy in Hegel

With the term 'civil society' (*bürgerliche Gesellschaft*) Hegel embraces the complex of the material relations of the existence of market societies, as it was analysed by classical political economy based on the model of the English capitalist system (*PR* §245 note; Greer 1999: 561–6). This system of socio-economic relations, for Hegel, stems from a movement of the splitting up of the 'family' into a multiplicity of families. Its subject is principally the 'citizen', and, on the side of the system of needs, the 'human being'. The genesis of 'humankind' comes about in the system of needs in so far as it can be abstracted from determinate socio-historical settings: only in this system, therefore, can one speak of the human being without determinations, in a universal sense.⁴ The multiplicity of human beings is characterised according to the category of equality and this is connected to the universal exchangeability of abstract needs, which is the middle term that unites individuals. Thus the category of human being arises with the creation of a space of mediation of individual needs structured according to quantitative modalities. As we shall see in the course of my exposition, this space finds its full development in the capitalist world market.⁵

Hegel, then, does not take the national economy as the fundamental unit of his analysis of civil society but, rather, maintains the universalist approach of classical political economy.⁶ His analysis presents a similar contradictory approach to that of the classics. Hegel, in fact, maintains a fundamentally harmonious vision of capitalist society, but contextualises it within his comprehensive philosophical system, making the historicity of this perspective explicit. His treatment of civil society presupposes the historical development of universal Spirit that is briefly presented at the end of the *Philosophy of Right* and, at greater length, in the *Philosophy of History*. The genesis of the concept of human being is based on the developments culminating in the Christian-Germanic world. Since this is conceived of as the supreme stage of human development in an excluding and hierarchical sense, the category of human being is in fact situated from a historical and geographical standpoint; that is, it coincides with the European and Western human being.

In the system of universal dependence constituted by civil society, for Hegel, particularity and universality remain in a relation of exteriority (*PR* §183). Presupposing the separation between work and property, Hegel states that the realisation of need comes about, on the one hand, by means of property and, on the other, through work, understood as activity mediating between subjective purpose and external objects (Plant 1977: 87–8). The mediation of work, suspending and deferring consumption, leads to a transcending of the limit of nature (Veca 1975: 22). Connecting the particularity of subjective needs and the universality of the system of dependence, work produces the human being's second nature and gives rise to culture and history. For Hegel it confers rationality upon civil society and rationality finds expression in the understanding, defined as the 'resultant manifestation [*Scheinen*] of rationality in the sphere of finitude' (*PR* §189). He maintains that:

Political economy is the science which begins with the above viewpoints but must go on to explain mass relationships and mass movements in their qualitative and quantitative determinacy and complexity. – This is one of the sciences which have originated in the modern age as their element. The development of science is of interest in showing how thought extracts from the endless multitude of details with which it is initially confronted with simple principles of the thing, the understanding which works within it and controls it (see Smith, Say, and Ricardo).

(*PR* §189 note)

For Hegel, we witness in civil society a transition from the individual to the masses: the development of needs and of the means of satisfying them gives rise to masses that have a reciprocal influence on one another. The connections among these masses, which can seem to be arbitrary at first, in fact prove to be completely mediated and necessary. Hegel gives Smith, Say and Ricardo credit for having applied the method of modern sciences to the study of social processes, identifying the unifying principle of civil society in its totality. For Cesarale (2009: 185), Hegel does not refer here to the laws that went into the composition of the classical theory of value. Fistetti (1976: 44) maintains that, in the *Philosophy of Right*, while Hegel does grasp the historicity of exchange, he fails to deal with its quantitative determination and does not investigate thoroughly the labour theory of value. Despite this lacuna, Waszek has no doubts about Hegel's awareness of labour's role in the creation of value (1988: 143–4). This thesis is confirmed by numerous passages of the *Lectures*⁷ and by §196 of the *Philosophy of Right*, where Hegel maintains that labour 'gives the means their value and appropriateness, so that man, as a consumer, is chiefly concerned with human products, and it is a human effort which he consumes'. When he refers to 'the simple principles of the thing' in *PR* §189, therefore, Hegel refers to labour as the fundamental principle of exchange and as the mediating principle of civil society.

As Hegel sees it, the level of political economy is higher than that of the modern sciences since it identifies the principles of reciprocity among economic masses. In the *Science of Logic*, reciprocity represents the last form of the absolute relation and the point of transition to the doctrine of the concept (Hegel [1812, 1831] 1969: 569–71). Hegel is critical of the principle of causality since – by arranging cause and effect in such a way that the effect is already entirely in the cause and vice versa – it ends in a tautological relation and produces an infinite regress. This regress can be overcome only by grasping the reciprocal interaction between the elements and their dynamic (Cesarale 2009: 189). This is what political economy does when it identifies the principles of exchange. The laws that govern civil society do not appear as something eternal and given but are posited by the very interaction of economic masses, which are substances only as the identity of the active and the passive: their influence derives, then, not from an original substance but from something that is mediated. The passivity is posited by the activity itself: 'the human being consumes the human'

(*L* 1822–3 §196: 601). For Hegel, however, reciprocity is still under the aegis of the principle of causality, whose application to the relations of spiritual life is inadmissible since the nature of Spirit is not to allow the cause to subsist, but ‘to break it off and to transmute it’ (Hegel 1969: 562). In passages that anticipate Marx’s critique of commodity fetishism, Hegel affirms that, by reducing the mediation to causality, classical political economy presents human relations as natural relations (see also Lukács 1975: 365). The universal appears as something abstract and external, while particularity has only itself as its end – in a dualism that provokes the reaction of morality.

Classical political economy and moral philosophy express the cleavage of the ethical in civil society. In the *Lectures* Hegel states that in political economy ‘the individual is of value only in so far as he consumes and produces’ (*L* 1818–19 §97: 313), and that the consequences of civil society ‘can seem sad’ because humans find themselves in a situation of struggle. But the interest of particularity cannot remain the selfish end – no, it must become something universally valid, having objectivity in itself. The solution cannot be found on the terrain of the system of needs but must come from the universal. While recognising political economy’s theoretical merits and operating on the same ground, Hegelian philosophy criticises its absolutisation as sole parameter of knowledge and posits itself as reason that unifies – dialectically – the results of the understanding (Greer 1999: 553–9). Hegel, then, sees his philosophical system as an overcoming of the dualisms of civil society in which the economists remain enthralled.

2.3 Labour, alienation and civilisation

In the *Philosophy of Right* Hegel reformulates the notion of the system of needs and of all-round interdependence on the basis of the concept of abstract labour, as its simple and historically specific element (Waszek 1988: 160). He rejects Adam Smith’s anthropological ‘explanation’ of the division of labour, which, in Hegel, is based on the nature of labour itself and not on the nature of the human being. Nevertheless, deeming bourgeois society to be the culminating point of human development Hegel identifies the universal character of work – as teleological (purposive) activity – with the capitalistic form of the division of labour, crediting it with a civilising role (*PR* §198).

In the *Philosophy of Right* Hegel broaches the concept of *Bildung* – education, culture, development – in conjunction with the birth of ‘social need’ and maintains that it implies *Befreiung* – liberation – from the ‘natural rigid necessity of need’, and permits subjects to attain freedom as coincidence with themselves.⁸ As long as one remains on the ground of need, however, such liberation remains formal: the transition to actual *Bildung* requires the mediation of work, which frees the subject from the obtuse existence of natural life (*PR* §187). For Hegel *Bildung* is immanent in the sphere of production, it is a form of knowledge produced by society and inherent in its structure (Tommasi 1979: 41). In developed societies a rational relation is instituted with external nature: the fact

that human beings have to deal with objects they themselves have produced constitutes an element of liberation.

This appraisal of the civilising character of development contrasts with the appraisal of the effects of the division of labour, which, by increasing the abstraction, the simplicity and the mechanical character of work, imposes a reciprocal dependence on the specific tasks that comes about in an abstract and unconscious form. Satisfaction of the individual's needs comes to be completely dependent on a universal connection: work is given in exchange for money, through the abstraction of need. Hence the connection between individuals does not come about according to the modalities of the concept, but rather in the form of social necessity. In the *Lectures*, and also – albeit less explicitly – in the *Philosophy of Right*, Hegel maintains that the division of labour leads to greater dependence of the worker on his particular work and serves as a basis for the introduction of machines. Work comes to coincide with its opposite: teleological activity is reduced to mechanical activity, to the simple execution of a repetitive function. This entails a modification of the human beings in the system of needs: their activity is emptied of concreteness. Subjectivity is reduced to thinghood and loses its specific quality of being, structuring itself in keeping with the mode of quantity. The division of labour produces the *Abstumpfung* – the dulling – of the mental and physical faculties of the workers, who are forced to perform a single unskilled monotonous operation, are made replaceable, and are exposed to the risk of losing their jobs and falling into poverty.⁹

The decomposition, simplification and mechanisation of work, for Hegel, create the conditions to render the workers redundant and favour the capitalists, who can lower wages and increase profits and the concentration of capital. Capital accumulation *necessarily* leads to a polarisation between wealth and poverty, and creates the conditions for crises of overproduction. According to Gareth Stedman Jones (2006a: 212), Hegel elaborated this analysis after reading Sismondi in 1819. Sismondi's *Nouveaux principes d'économie politique* (1819), in fact, was the first text in political economy that developed an *explanation* of the connection between the production of exchange values, commodity fetishism, capital concentration, impoverishment and crisis (Grossman 1924: 48). In his Heidelberg Lectures (1817–18), Hegel referred to Adam Smith's analysis of the alienating effects of the modern division of labour upon the labourer, but presented the problem as transitional. Through mechanisation, he believed, human freedom could be restored. 'Human beings are accordingly first sacrificed, after which they emerge through the more highly mechanised condition as free once more' (*L 1817–18* §101: 177). In his 1819–20 Berlin Lectures, Hegel's tone changed significantly.

Wealth accumulates in the hands of the owners of factories [...]. With the amassing of wealth, the other extreme also emerges – poverty, need and misery. In England, the work of hundreds of thousands of people is being carried out by machines.

(*L 1819–20*: 194)¹⁰

In the light of this analysis, then, Hegel implicitly criticised Say's thesis that production always finds an adequate outlet in the internal market. On the contrary, production turns immediately to the world market, which is continually extended due to the growing decomposition of abstract labour (*PR* §195). The origin of the indefinite expansion of the market lies in the equally indefinite division of labour, in the impoverishment of the labouring population, and in the disproportionality between production and consumption. Like Sismondi and unlike Ricardo, Hegel focused on the limits to consumption, rather than on the process of capital accumulation, in explaining the universalising tendency of the system (*G*: 410–11).

This analysis clearly contrasts with the thesis of the division of labour as 'liberating' and 'civilising', and with the harmonious representation of civil society, which Hegel never calls into question. Since everyone produces objects only in relation to their value, in his view, 'the individual, while pursuing absolutely selfish ends, satisfies the needs of all the others at the same time' (*L* 1819–20: 160–3) and creates a general 'estate'. The individuals, however, are not ensured beforehand of participating in the general 'estate'; they have only the possibility of doing so (*PR* §199). Their abstract equality in the sphere of circulation in fact presupposes their actual inequality, which persists as a 'residue of the state of nature' in civil society (*PR* §200). In civil society we are confronted with individualities belonging to determinate masses grouped in *Stände* – 'estates' or 'classes' – articulated 'in accordance with the concept' (*PR* §202): the *Stände* linked to working the land, to industry, and to the bureaucracy. Moreover, in the note to *PR* §209 Hegel criticises cosmopolitanism because it confuses the equality of human beings on the plane of reason with their equality *tout court* and thus represents a threat to the cohesion of the state.

An individual's belonging to a particular *Stand* is determined, for Hegel, by such imponderable reasons as temperament, birth, circumstances and subjective opinions and, at the same time, by free choice. By having recourse to natural elements and individual choice, Hegel naturalises social inequalities and, at the same time, makes individuals responsible for them. He can thus make the 'transition' to the administration of justice and to the 'police', whose condition of existence is the presence of an interest that is common to all the citizens within a state. If the administration of justice appears to be directly designed for the defence of property, for Hegel the end of the state is also the guarantee of the livelihood and particular welfare of each individual (*PR* §230).¹¹ Hegel, then, while accepting the division between state and civil society proper to the free trade doctrine, affirms that the state must intervene with measures of political economy to limit the destructive effects of civil society and permit it to function. State economic intervention is entrusted to the 'police': a term that in Hegel's day indicated the instrument for the intervention of politics in the economy in general (*L* 1824–5 §230: 587; Fleishmann, 1964: 244).¹² Such intervention takes on multiple forms: from commercial measures to tariffs on basic necessities and inspections of wares, from social welfare to support for public schools. Hegel, criticising free trade ideology, in the *Lectures* highlights the inconsistency of those who contested the excessive intervention of the police when from this very

police they had previously received great benefits for the support of national industry and continued to receive them to maintain its competitiveness (*L* 1824–5 §233: 596). In addition to supporting the expansion of the foreign market, the police also had the task of promoting colonisation.

2.4 The dialectic of civil society

For the classical economists social polarisation was a fact that was justified, in the final analysis, on the basis of presumed characteristics innate in individuals. Even though Hegel attributes the origin of social classes to the element of arbitrariness, external circumstances and free choice, he also recognises their economic character (*PR* §201, §206). He sees the division of labour as the cause of the ‘creation of a rabble’, which implies in its turn a greater facility of concentrating wealth in few hands (*PR* §244). This process takes place not only in England but on an international scale – as the examples of the deindustrialisation of Germany and of India, presented in his *Lectures*, demonstrate.

This relation can occur on very large scales. On the continent, for example, many factories have been destroyed by English machines. The English import the raw cotton from India, but the production of cotton commodities is so increased that they bring this commodity itself back to India, thus damaging a production that in India employs several million people. In this context, a circumstance that takes place in South America can produce relevant changes. These relations can expand to a great extent.

(*L* 1824–5 §236: 601)

The ‘rabble’ in Hegel is an element that is different from rabble in a traditional sense, because it is a *necessary* product of the development of civil society. He describes it as a ‘class’ rather than an ‘estate’ (*PR* §248, §245; Wood 1990: 251), which is composed of the working poor, the unemployed and also of social strata such as the ‘Lazzaroni’ in Naples (Solari 1949: 371).¹³ In his *Lectures* of 1824–5, moreover, Hegel states that it is not poverty in itself that generates the rabble but, rather, an inner disposition or state of mind (*Gesinnung*) of individuals that is contrary to the cohesion of the state.

In Hegel, social polarisation does not take the shape of an antagonism because he does not recognise the political dimension of classes, presenting them as reciprocally indifferent extremes. This reading, however, contrasts with his affirmation of the absolute character of the right to subsistence and with his theorisation of the ‘right of necessity’ (*Notrecht*), i.e. the absolute right of the hungry to survive even at the cost of the violation of property (*PR* §127).¹⁴ In poverty, for Hegel, ‘extreme need no longer has this momentary character. In this rise of poverty the power of the particular against the reality of freedom is asserted’ (*L* 1819–20: 196). The poor are conscious of the freedom that characterises them and perceive their condition to be arbitrary: their discontent thus takes the form of right and becomes an ‘inner rebellion against the rich, against the state,

against the government'. Hegel, then, recognises the injustice that is inherent in the condition of poverty but, fearing its political significance, he condemns the political subjectivity of the rabble, which he defines as a 'dangerous evil' (*L* 1824–5 §244: 609).¹⁵

In the *Philosophy of Right*, however, Hegel presents no real solution to the problem of poverty in the domain of political economy: neither assistance to the poor nor forms of public employment can be considered real solutions. The redistribution of wealth is a false solution because individuals have need of the mediation of work and of the feeling of self-sufficiency and of honour if they are to participate in the system of interdependence that is the basis of ethical life. What is more, the employment of workers who have become 'superfluous' would do nothing other than worsen the crisis of overproduction. This makes an 'external solution' for the problem of poverty necessary. The 'dialectic' of civil society thus leads to an expansive dynamic: advanced societies are driven to go beyond their own spatial determinacy through the extension of commerce and colonisation (*PR* §246).

Civil society in Hegel is characterised by the abandonment of spatial fixity and of the principle of the earth, and by the prevailing of the dynamic goal of the accumulation of wealth. Its principle is the sea, which is a means of unification of human beings and, therefore, of civilisation (*PR* §247). While the exposition's point of departure was the 'creation of a rabble', seen as an element that breaks the circle of the mediation between individuality and universality, calling into question the liberating significance of work and, thus, the very concept of *Bildung*, the unification between peoples brought about by the market re-establishes the civilising weight of civil society. The market responds to a world interest (*Weltinteresse*) – not just to the interest of the colonising nation but also to that of the subject peoples.

In the past the Europeans (the Spanish and the Portuguese and the Dutch as well) went to foreign peoples with limited vision for which those peoples were inferior. Only beginning from the English, who started out from the human being as *thought*, was the entire world put into universal relation. The landlocked countries, which have no relation with any sea, remain stagnant and closed up in themselves. Needs and commerce give rise to a world interest. World history shows the sides of the ethical totality, world trade shows the sides of relation as such. At the same time, by exposing to danger its gain and its property, civil society goes beyond its principle. The pursuit of gain turns into its opposite, courage.

(*L* 1819–20: 201)

Hegel takes note of a continuity between the expansion of commerce and colonisation (*PR* §248). He distinguishes between sporadic colonisation, which comes about through individual initiative and corresponds to emigration, and systematic colonisation, supported by the state, which was the prevalent form in antiquity. Colonisation responds to a twofold objective: that of conferring property

upon individuals who have fallen into misery, re-establishing the 'ethical objectivity' that was suspended during prolonged periods of unemployment; and that of opening up a new market for the homeland. Although Hegel does also speak of the problem of capital over-accumulation (*L* 1819–20: 199), in order to sustain his argument concerning the reconciling function of colonisation, he needs to emphasise the importance of colonies more in terms of forming new purchasers than in terms of new fields of investment.

Hegel, like Sismondi, sees expansionism as a structural phenomenon that is due to the tendency of civil society toward overproduction and the antagonisms it generates.¹⁶ But Hegel reversed Sismondi's vision of capitalist colonisation as a process driven by the lust of gain, and, unlike the ancient, always leading to the destruction of other civilisations. While for the French economist the greed and cruelty of the British was unprecedented in history (Sismondi 1837: 135; Vasunia 2013: 124–6; see also Chapter 3.3 in this book),¹⁷ for Hegel Great Britain promoted *Bildung* in the world as it compelled other peoples to break free from their natural state and their stagnation. In the *Lectures* he states that modern colonies find themselves in a condition of greater subordination to and dependence on the homeland than was the case in antiquity, although he does say that the English have greater freedom (*L* 1822–3 §248: 707). He emphasises the absence of brutal subjugation and the presence of available land, and maintains that the well-being of the British nation was founded on the cosmopolitan well-being of all nations (*L* 1824–5 §200: 508).

In Hegel, however, colonisation is not a solution to the problem of poverty: through the subjugation or the elimination of other peoples, it reproduces a situation that is analogous to that of the 'homeland'. Indeed, the re-establishment of 'ethical objectivity' by means of the distribution of land cannot be considered definitive given Hegel's considerations on the capitalist character of agricultural work. This is probably why Hegel expunged such considerations from the final text of the *Philosophy of Right* (Cesarale 2009: 228) and does not cite over-accumulation as one of the causes of colonisation (Fistetti 1976: 47–8). The dialectic delineated by Hegel, however, is proper to civil society in its totality, not only in its national dimension. This dialectic expresses the very logic of imperialism, which implies that the resolution of the contradictions of the capitalist mode of production can be only temporary, thus giving rise to an infinite regress (Fatton 1986: 596; Serequeberhan 1989: 311–12; Hirschman 1981: 168). Even though he does not say so explicitly, Hegel is aware of this fact. State intervention in the form of market expansion and colonisation is, in fact, 'external', and is designed to ensure the existence of particular interests (*PR* §249). What is more, in the *Lectures* he admits that colonisation has not eliminated the extreme misery of the masses in England, the heart of the greatest empire of his day (*L* 1822–3 §254: 711).

Expansionism maintains and protects the determinacy of particular interests but cannot realise a synthesis of particularity and universality, which is possible only when particularity transforms the universal into its own end and into the object of its will, as comes about in the corporations and thence in the state.¹⁸

2.5 The 'ethical state'

For Hegel, the different corporations organise and unify the industrial *Stand*, making it turn to the common interest and helping the *bourgeois* to feel the universal, to realise himself as a *citoyen* (L1824–5 §251: 620; Hegel 1989: 445). They are formed by those who work steadily in industry (including, then, neither the unemployed nor day labourers) and ought to bend the interests of the 'rich' to a universal end, keeping the economic mechanism from exploding and the citizens from being scattered into a disjointed *multitude* (L 1824–5 §251: 620). Differently from the police, which acts for the universal conceived as external to civil society, the corporations' function is to defend particularity, whose welfare cannot be completely delegated to the contingency of the market. Like Saint-Simon, Hegel highlights the importance of the industrial *Stand*, but explicitly distances himself from the former's celebration of the 'classe industrielle' as the only 'class utile' (Saint-Simon 1818: 1).¹⁹ Hegel partially accepts but mitigates Saint-Simon's analysis, and presents the corporations as associations that allow the ethical recognition of the individual and revive the family principle as immanent in civil society (Losurdo in Hegel 1989: 284). Corporations thus constitute the moment of transition from the external state to the 'ethical state', in which – Hegel claims – conciliation between particularity and universality is realised.²⁰

In the *Philosophy of Right* we clearly see Hegel's difficulty in presenting the corporations and the state as the moments of an actual reconciliation of the antagonisms of civil society (Nakano 2004: 44). Supporting the poor and limiting wealth, in fact, are at odds with the view that the accumulation of wealth is structurally linked to the creation of a rabble (*PR* §253 note). That explains why, within Hegel's system, the rabble continues to be an open question and presents itself again and again as an element of break-up and threat to the cohesion of the state (*PR* §253 note; §301 and §303). According to Hegel, however, within civil society no other institution than the corporation is capable of producing a synthesis between particularity and universality. Corporations are the only basis of the transition to the state.

The governmental and legislative powers should aim at overcoming the exteriority characterising civil society. This would achieve a political existence in the popular element of legislation, *das ständische Element*. Deputation does not emanate from individuals but from corporations. The legislative power consists of two chambers, one composed of deputies of communities and corporations (the 'House of Representatives'), the other of the representatives of the landlords (the 'Chamber of Peers'). As we shall discuss in the next chapter, in his 1843 *Contribution to the Critique of Hegel's Philosophy of Right*, Marx examines the election of delegates that, far from representing a moment of transition from the non-political civil society to the state, would further emphasise their separation. Indeed, for Hegel delegates are not bound to represent the corporations' particular interests, and their election does not entail any mandate from the members of the corporations. In Marx's eyes, the separation of the political state from civil society

appears as a separation of the delegates from the members of the corporations (CW3: 122–3). Hegel's attempt to present the legislative power as an emanation of civil society led him into insurmountable contradictions. These highlight that, in reality, legislative power derives from governmental power itself. Within Hegel, Marx will argue, the logical development from the family and civil society to the state is a mere appearance, while the state is assumed from the beginning as a pre-supposition of civil society.

2.6 State, market and world history

The link between political economy and philosophy of history is made explicit by Hegel himself, when he maintains that if 'world history shows the sides of ethical totality, world commerce shows the sides of relation as such' (*L 1819–20*: 201). Indeed, the mystified form in which Hegel overcomes the rift between state and civil society is reflected in the detachment of the state from its economic base (Lukács 1975: 390). If Hegel's system represents an attempt to understand world history as a process of subjugation of nature that takes place in a universal context, this process, in his view, can be realised only within individual nations. Despite the fact that Hegel attributes essential importance to labour and reconnects freedom to the principle of industry (Hegel [1830–1] 1956: 191–2, 420), in his philosophy of history he adopts a very different approach from that in his analysis of the system of needs, and abstracts from the evolution of the forces of production. He maintains the atomistic apparatus of the free trade doctrine elaborated by the classical economists, but discards their materialistic approach to the history of civil society. He also rejects the evolutionist approach of Saint-Simon and Sismondi, along with their utopian plans for universal cooperation. As in the *Philosophy of Right* Hegel patterns the notion of freedom after the notion of property, so 'the historical process becomes a glorification of the history of the middle class' (Grossman 1956: 383).

Hegel sees history as a process of development of World Spirit, which is determined from a geographical viewpoint as the spirit of single nations considered in isolation and characterised by geographical and climatic particularities. In the 1817 edition of the *Encyclopaedia* Hegel broaches the theme of race for the first time, defined as a condition of the natural soul and as a function of geography and climate (*Enz* §§393, 394).²¹ The substantial aim of every nation (*Volk*), for Hegel, is that of becoming and preserving itself as a state: 'a nation with no state formation (a mere nation) has, strictly speaking, no history' (*Enz* §549). The state represents the immediate actuality of a single nation, and it finds itself in a relation of contingency with respect to other states that leads to a condition of war. In §548 of the *Encyclopaedia*, Hegel maintains that every nation, if considered synchronically, has a geographical and climatic determinacy, while from a diachronic viewpoint it must go through a given development, thus passing into world history. The self-consciousness of a particular nation is the exponent, for its epoch, of the stage of development of Spirit, and is the objective actuality in which it singularises

its will. As this will is absolute, that nation is the ruler of the world. History, then, appears as an antagonistic process in which Spirit continually passes from one nation to another, on a journey that culminates in the Christian-Germanic world.

The Christian-Germanic states – Germany, Scandinavia and England, where the Protestant Reformation took place (McCarney 2000: 146) – are presented as the locus of the maximum realisation of freedom, and their commercial and colonial expansion as a factor of civilisation. The diachronic vision of development translates into a criterion of the subjugation of less developed peoples. While Hegel does uphold the legitimacy of rebellion for conquered peoples who are not linked to their masters in terms of the Idea, and judges the emancipation of the American colonies and the formation of the United States of America positively (*L 1822–3* §248: 707), the same cannot be said for peoples at a ‘lower’ level of civilisation. In their case Hegel poses the question of whether they can be considered and recognised as such by the more developed states (*Enz* §331) and whether their conquest may not in fact be a condition of their journey towards freedom. His philosophy of history thus serves not only to justify but also to promote colonial conquest (Bernasconi 1998: 59).

Weltgeschichte, for Hegel, moves from East to West. Pre-capitalist America and Africa are excluded from this narrative since they are ‘without history’. The native populations of America are presented as the lowest race and the least capable of culture – indeed, any development the American continent has enjoyed can only be credited to their European colonisers. These populations could not be educated, colonised, nor reduced to slavery. For Hegel, proof that they were ‘physically and psychically powerless’ lies in the fact that ‘the aborigines, after the landing of the Europeans in America, gradually vanished at the breath of European activity’ (Hegel 1956: 81). His treatment of Native Americans – in Hoffheimer’s eyes (2005: 207) – can be read as an ‘ambivalent rationalisation for European colonial genocide’.

Africa, in turn, due mainly to its climate, was characterised by cultural backwardness (*Unbildsamkeit*) (Hegel 1975: 91). The blacks are described as infantile and naive peoples, prone to cannibalism and to slavery; they have no drive towards freedom (*Enz* §393) and follow a religion characterised by fetishism. Even though, unlike the Native Americans, they are in fact capable of *Bildung* – as is shown by their conversion to Christianity and their appreciation for freedom when they have acquired it – they have no propensity for culture: their spirit is dormant and makes no progress (Hegel 1956: 91–9). In the *Philosophy of History* Hegel examines the specific forms of the self-consciousness of Spirit in Africa with the support of ethnographic material. Comparing the multiple variants of Hegel’s lectures with his sources,²² Robert Bernasconi convincingly demonstrated that Hegel presented this evolutionary schema while deliberately distorting and ignoring the historical evidence that contradicted it. Hegel’s judgements, therefore, do not stem exclusively from his sources, as McCarney (2000: 142–3) claims, but also depend on his intention to provide a justification

for the colonisation of the continent (Bernasconi 1998: 62). Indeed, Hegel affirms that the northern part of Africa must be drawn towards Europe, praising the French conquest of Algiers in 1830 (Hegel 1956: 93).

It is in Asia, for Hegel, that consciousness of the universal emerges for the first time, and with it the process of world history. Hegel describes Asia as a patriarchal and despotic world where the sovereign is at the same time high priest or god, and where there is no personality or individual freedom. Following Voltaire and Quesnay, he defines China as a theocratic and patriarchal state, 'the only durable kingdom in the world', which possessed a written history but no philosophy of history. On the contrary, the characteristics of the Indian world – divided in castes and villages, and with a Spirit dominated by imagination – made it destined to be 'conquered and subjugated' (Hegel 1956: 115). According to Bailey and Llobera (1981: 21), Hegel owed the description of the village community and its economic self-sufficiency as the basis of India's stationary state before British rule to James Mill's *The History of British India* (1817), which shared Bernier's view of Oriental despotism. Hegel presents the 'Oriental World' as a world in crisis and concentrates on its ancient history. Not only does he neglect to describe the effects of European expansionism, but when he speaks of his contemporary situation he always takes a stand in favour of the British, whose sources he uses, to demonstrate the lack of a sense of right on the part of the Chinese and the Indians (Hegel 1956: 127–8, 152). In discussing the question of landed property in India, for example, he does not place the blame for the processes of impoverishment and dispossession provoked by colonial agrarian reforms on the British, but rather on the Indian 'lords of the soil' (Hegel 1956: 154). He takes up an openly colonial point of view and emphasises the advantages in cultural terms of the conquest of India.²³

For Hegel, only the Caucasian races, and specifically the peoples of Christian Europe, had a propensity for freedom and were capable of asserting it through state institutions (Hegel 1975: 173; Hoffheimer 2005: 198). In *The Philosophy of History*, then, he follows the journey of the realisation of Spirit from the Greek to the Roman and, finally, to the Germanic realms. Freedom, which originally appeared within the sphere of consciousness and of subjectivity, finds in this last realm – through the Protestant Reformation, the Enlightenment and the French Revolution – an objective existence.

Since this unilinear schema contradicted the historical reality of the European slave trade, Hegel took up a deliberately ambiguous position. If on the one hand he condemned slavery as an absolute injustice, on the other he justified it on the basis of the blacks' natural propensity for slavery. In fact, by presenting slavery as a phenomenon that is endemic in African society Hegel sought to pin the responsibility for the European slave trade on the Africans themselves.²⁴ This emerges also from §57 of the *Philosophy of Right*, where Hegel contests slavery and its various justifications, from the right to war to that of the creditor over the insolvent debtor, and states that the recognition of human freedom is 'the absolute starting point' for orienting oneself in the debate on slavery, which represents a 'false appearance'. He also says, however, that the presence of slavery

shows that one is still at the stage of nature and has not yet reached the stage of the state. The developments within Western Europe are taken as proof of the fact that 'slavery falls into decline in the period of transition from the naturalness of the human being to the truly ethical condition' (*L* 1822–3 §57: 226–7). It follows, then, that only by being enslaved by Europeans could the Africans learn the idea of freedom: at the moment in which slavery took place within a state, slavery itself set out on the journey of elevation of Spirit. Hence the Africans had to pass through European slavery in order to be free (Hegel 1975: 184).

While he followed the developments of the US abolitionist movement with interest and approval, Hegel had a more ambiguous attitude with regard to the slave uprisings, which he deemed inconclusive and incapable of producing anything new and stable. For Sismondi, Haiti was the pioneer of the global emancipation of Africans: while centuries of slavery had fomented only hatred and violence, twenty years of liberty had transformed 'one who was regarded as a beast to a human figure in a civilised nation' (Sismondi 1825: 38; Kwon 2011: 326). Hegel, on the contrary, silences the slave revolution and the establishment of the black state of Haiti, and speaks of 'revolt' and 'conspiracy', not of revolution.

If one holds fast to the side that the human being is free, one will say that slavery is entirely unjust; but when a human being is a slave, it is his will; he need not be so, he can kill himself. A people need not allow itself to be subjugated. So when a people is subjugated, or a human being is a slave, he himself is unjust, and one must deal with him with this in mind.

(*L* 1822–3 §57: 226)

2.7 Conclusion

In the first two chapters of this book we have traced the evolution of political economy from mercantilism to classical political economy against the backdrop of the competitive processes of trade and colonial expansion of the main European powers. We have discussed how Britain's industrial monopoly position allowed the classics to overcome the openly colonial approach of the mercantilists and to elaborate the labour theory of value, thus laying the basis for a materialistic understanding of the overall development of civil society. In addressing some contradictions of the relationship between wage labour and capital, Smith and Ricardo elaborated a pioneering analysis of capitalist expansionism and of the state's role in it. Since they failed to offer a coherent account of the origins of surplus value, however, their analysis shifted from a value-based to a nation-based approach. The free trade doctrine they contributed, to varying degrees, to elaborating was based on a view of the system as non-antagonistic, and depicted the world market as a sum of independent nations that could all prosper in a system of perfect competition. This approach led to a unilinear and teleological vision of history as a process of civilisation culminating in the capitalist mode of production.

The individuation of certain contradictions of civil society – the alienation of labour, the creation of a rabble, the crises of overproduction – constitute a point of Hegel's system that is of great interest. These theoretical achievements were made possible by his recognition of the centrality of labour, which permitted Hegel partially to overcome some contradictions of the classical economists and explicitly to conceive of capitalist society as a historically determined system. In so doing, he incorporated some elements of Saint-Simon's and Sismondi's critiques of political economy, especially with regard to the social question in the core countries of the industrial system. Like Sismondi, however, Hegel gave an underconsumptionist explanation of imperialism and did not focus on capital accumulation itself, as the classics had done in scientifically developing the international aspects of their analysis. Hegel, moreover, never put radically in question the substantially harmonious representation of civil society proper of the free trade theory.

In *Hegel, Haiti, and Universal History*, Susan Buck-Morss asks for the reasons of Hegel's silence about Haiti, given the crucial influence that the Saint-Domingue revolution had on his thought (2009: 17–20). She discusses various 'mundane reasons' for Hegel's silence, but does not refer to his political economy. A systematic reading of the *Philosophy of Right* and of the *Philosophy of History*, however, reveals that Hegel's Eurocentrism is an integral part of his political economy. It is not poverty in merely material terms, but the 'problem' of the political subjectivity of the rabble – justified by the right of necessity – that sets in motion the dialectic of civil society. Since Hegel did not recognise the political subjectivity of the rabble, in fact, he sought a way out of the contradictions of civil society in the policies of state support for the expansion of commerce and colonies, described as a process of civilisation that responds to a world interest. Such a position led him to adopt an openly colonial point of view in his analysis of pre-capitalist societies. In so doing, Hegel was not simply 'a man of his own time': he abandoned a political economy approach in his philosophy of history, reversed Sismondi's judgement of British colonialism, silenced the Haitian revolution, deliberately distorted his sources and ignored counterevidence that did not fit his evolutionary schema. What is more, he emphasised the importance of colonies as new consumers without coherently expanding on his analysis of the contradictions of civil society to the system as a whole.

Only if we call classical political economy radically into question, then, can we formulate a critique of Eurocentrism that is not confined to the cultural sphere. In this regard, one of the main elements of Hegel's greatness consists in his awareness that expansionism is not a true solution to the contradictions he himself had individuated. The dialectic he delineated characterises civil society both in the national sphere and in its universal projection. Expansionism cannot realise the synthesis between particularity and universality, which is possible, for Hegel, only in the 'ethical state'. In this way, however, Hegel does not overcome the rift between civil society and the state, and looks to the spiritual sphere for the point of unification of this divided reality, instituting a type of freedom that is lived at the level of the consciousness of modern and Western 'man'. His affirmation of

freedom as the universal destiny of humanity – and therefore, strictly speaking, of all men and women – gives way to his justification of the relations of exploitation and domination existing within the nation-state and internationally.

Significantly, however, some elements of immanent self-criticism do emerge in Hegel's system. Imperialism only enables a temporary resolution of the contradictions of civil society; these contradictions return on an increasingly larger scale, and with greater force and intensity. The social question thus continues to 'agitate' and 'torment' (*PR* §244) the Hegelian system itself. The rabble and its emerging political consciousness – as in the case of workers' struggles and slave uprisings – represent an unresolved contradiction. 'The rabble is thus the coming to consciousness of the dynamic of civil society and of its contradiction, because it is the living expression of this contradiction' (Valentini 2000: 53). The permanent threat represented by the rabble to social and political cohesion is a shadow that hangs over the Hegelian system and opens the possibility of its supersession. It shows that this system is unable to realise concrete freedom, which appears as a practice of transformation that is inherent in society. As we shall see in the next chapter, this is the path initiated by Marx with his critique of Hegel's *Philosophy of Right*.

Notes

* Chapter 2 draws upon the article 'Hegel, Imperialism, and Universal History' (2014) published in *Science & Society*, 78:4, pp. 426–53.

1 A growing body of scholarship has addressed Hegel's analysis of the social question and of European expansionism (Fleischmann 1964; Hirschman 1981; Fatton 1986; Waszek 1988; Cazzaniga 1988; Serequeberhan 1989; Neuhouser 2000; Harvey 2000; Valentini 2000; Paquette 2003; Cesarale 2009; Ruda 2011). Following up on earlier anti-colonial readings of Hegel by Fanon, Sartre and Du Bois, another significant body of scholarship has focused on Hegel's philosophy of history, and its Eurocentric or even racist distortions (Gilman 1981; Bernasconi 1998; McCarney 2000; Hoffheimer 1993, 2005; Buck-Morss 2009). If Robert Bernasconi argued for the necessity of reading Hegel's *Philosophy of History* in conjunction with the *Philosophy of Right* (1998: 59), little research has been done so far on the political economic roots of Hegel's Eurocentrism.

2 This is how Lassalle called the working class, to differentiate it from the 'third estate'.

3 See, among others, Chamley 1963; Veca 1975; Fistetti 1976; Plant 1977; Waszek 1988; Priddat 1990.

4

In right, the object is the person; at the level of morality, it is the subject, in the family, the family-member, and in civil society in general, the citizen (in the sense of bourgeois). Here, at the level of needs (cf. Remarks to §123), it is that concretion of representational thought which we call the human being; this is the first, and in fact the only occasion on which we shall refer to the human being in this sense.

(§190 note)

5 'Hegel is describing the deterritorialized, world market of the European colonial system, and he is the first philosopher to do so' (Buck-Morss 2009: 7–8). See also Cesarale 2009: 161; Fleischmann 1964: 216; Cazzaniga 1988: 87–94.

6 On Hegel's approach to political economy in his early writings see Lukács 1975: 371–8.

- 7 'This activity through which general wealth is produced presents itself as a natural necessity, as a whole for itself, which is not determined by a single individual [but rather] determines itself and so appears as natural necessity. Learning the laws of this whole is the specific object of political economy' (*L 1818–19* §97: 313). 'Manual labour as such, wages, these are the ultimate elements of the price of things in their reciprocal relation' (*L 1819–20*: 162). '[Not only] then do few natural means remain, but they must [also] be given a form, and it is this form that gives them most of their value, and [so] the human being consumes the human' (*L 1822–3* §196: 601).
- 8 Human needs, for Hegel, are not absolute givens, but historical and 'social needs' (§194; Plant 1977: 92).
- 9

Hence such workers grow dull, they are bound to a single operation, and so [are] on the verge of an abyss; on the other hand their spirit becomes degraded. And since in work one loses the spiritual, which is the combining and observing and mastering of a multiplicity, the ultimate consequence is that the machine can take the place of the human being.

(*L 1822–3* §198: 612)

- 10 According to Ernst Erdös (1998: 75), Hegel knew Sismondi as a historian, but it is uncertain whether he knew him as an economist; he would therefore have arrived at similar conclusions independently. In my opinion, this argument overestimates the originality of Hegel's political economy (Stedman Jones 2001: 116). In his *Nouveaux Principes* (1819), moreover, Sismondi explained the crisis-ridden character of the capitalist mode of production in the light of his experience of the British reality during his trips to Britain. The more systematic character of his analysis compared to Hegel's seems to confirm Gareth Stedman Jones's view of Sismondi's influence on Hegel.

11

All people have the right to live, and not only must this right be protected, not only do they have this negative right, but they also have a positive right. [...] The life and subsistence of individuals are accordingly a universal concern.

(*L 1817–18* §118: 209)

- 12 According to Plant (1977: 85, 107–8), this conception of public intervention was influenced by James Steuart and by the German Cameralist tradition, but Hegel sought to be consistent with the modern sense of personal freedom.
- 13 Fleischmann 1964: 248; Ahrweiler 1976: 123; Conze 1966: 111–36; Schnädelbach 2000: 293.
- 14 In the *Lectures* Hegel clarifies this concept more explicitly: 'A human being who is starving has the absolute right to violate the property of another; he violates the property of another only in a limited content. In the right of necessity it is understood that he does not violate the right of another as right: his interest lies only in this piece of bread, he does not treat the other as someone without rights' (*L 1824–5* §127: 341).
- 15 Also in reaction to the first forms of labour unrest in England, the conservative elements of Hegel's position grew stronger over time, as is shown by his criticisms of the Luddite uprisings in the *Lectures* of 1822–3 (*L 1822–3* §198: 613), and by his negative remarks on the English rabble, which demanded the right to subsist without working (*L 1824–5* §245: 611).
- 16 See also Paquette (2003) and Plant (1980: 86). For David Harvey (2000: 26–9) and Susan Buck-Morss (2009: 7–8) Hegel is one of the first modern theorists to indicate the structural character of expansionism in capitalist society. They ignore, however, the origin of his analysis in classical political economy and within Sismondi.
- 17 Sismondi, however, had a very different vision of the French colonisation of Algeria, which he vehemently supported (see Sismondi 1830).

- 18 ‘This is, as Shlomo Avineri points out, “the only time in his system where Hegel raises a problem – and leaves it open”’ (Harvey 2001: 288).

19

This *Stand* has become very important in recent times, but too much importance is often attributed to it when it is considered the only one, the most important, such as in France where in the *cathéchisme-industriel* the *nation industrielle* is assumed as the only one, while the other *Stände* are only regarded as its officials, its servants.

(*L* 1824–5 §204: 520).

- 20 Between police and corporation there is no passage, and the latter represents a strategic alternative for overcoming the contradictions of civil society (Cesarale 2009: 353).

- 21 When ‘*Geist*’ is translated as ‘mind’, I have replaced this with ‘spirit’. In the mid-1820s Hegel embraced the hierarchy of races presented by Kant, classifying them in a downward order according to their distance from Europe (Hoffheimer 2005: 197).

- 22 Hegel repeated his lectures on the philosophy of history every two years from 1822 to 1830. They were published posthumously in 1837.

- 23 For example: ‘When the English had become masters of the country the work of restoring to light the records of Indian culture was commenced’ (Hegel 1975: 159).

24

Since human beings are valued so cheaply, it is easily explained why slavery is the basic legal relationship in Africa. [...] Blacks see nothing wrong with it, and the English, although they have done most to abolish slavery and the slave trade, are treated as enemies by the blacks themselves.

(Hegel 1975: 183)

3 Marx's critique from the state to political economy

3.1 Introduction

If liberalism built itself in the 1820s around the tenets of the labour market, the gold standard, free trade and 'anti-imperialism', it was in the 1830s that in Britain it became a militant creed (Polanyi 1957: 135; Winch 1965: 46). In 1824 the acts forbidding workers' combinations were repealed, signalling what Engels saw as the beginning of a new era, in which labour became an independent force (*CW*24: 384). The working class constituted the radical wing of the Reform movement and, once excluded from the suffrage by the 1832 Reform Bill, formulated its demands in the People's Charter and organised itself into an independent party. In 1834, the Poor Law Amendment Act abolished the support for the poor as established by the Speenhamland Laws and created a competitive labour market, namely 'a labouring class [...] forced to give their best under the threat of hunger, so that wages were regulated by the price of grain' (Polanyi 1957: 138). In 1838 the Anti-Corn Law League was founded and eight years later, after a long struggle, a section of the Tory party agreed on repealing the Corn Laws, thereby acknowledging the subordination of the landed to the industrial interests. The Anti-Corn Law Bill was the corollary of the Poor Law Amendment Act and of Peel's Bank Act of 1844, which sought to strengthen the mechanisms of an automatic gold standard. In 1849, the Navigation Acts that had informed British foreign trade policy for nearly two centuries were repealed (Semmel 1978: 141; Schuyler 1945; Winch 1965: 48).

At the time, German states were economically and politically divided. In those states that had been under French administration, the Continental System and the anti-feudal reforms introduced by the French had supported industrialisation. In Prussia's eastern provinces, where feudal structures had not been destroyed through a revolutionary movement, the 1807 abolition of serfdom laid the basis for the creation of a capitalist workforce (Byres 1996: 126); the *Junkers*, however, still controlled the state and secured for themselves exemption from direct taxation, retarding industrialisation (Dobb 1963: 194–5). Only in the 1830s did the *Zollverein* create a German common market and German governments expanded their capacity for economic intervention through commercial, fiscal and taxation policies, railway building and agricultural innovation. Agriculture, however, was

still vulnerable to collapse and widespread misery affected the population (Trebilcock 1981; Byres 1996).

Marx was born in Trier, a city incorporated into the Prussian kingdom in 1814, which had been under French administration for 20 years and where the memory of the 1789 revolution remained strong. Coming from a moderately well-heeled family, he went to university in Bonn, where he dedicated himself to legal studies. But it was in Berlin, the cultural centre of Germany, that he first studied philosophy and history, entering the circle of the Young Hegelians. In 1842, in collaboration with Bruno Bauer, Marx founded, and subsequently directed the *Rheinische Zeitung*, a democratic newspaper based in Cologne, industrial centre of the Rhineland, becoming well known and influential not only among the local nascent communists and radicals, but also among liberals. For Sperber, 'the years 1842–52 were Marx's Cologne decade'. Despite his years abroad as émigré and exile, until 'the arrest, indictment, and conviction of his followers in the Cologne Communist Trial [...], the city remained a source of support and potential base of operations for him' (Sperber 2013: 107). Marx's articles on the social conditions of the Mosel peasantry provoked government censorship, forcing him, in March 1843, to leave the newspaper that was itself suppressed in the following months. Between the end of 1842 and beginning of 1843 the repressive measures of the regime of Friedrich Wilhelm IV led to the political radicalisation of a generation of dissident intellectuals, while sharpening social conflicts erupted in the Silesian weavers' uprising and the Cologne riots in 1844–5 (Sperber 1991: 56–9).

The starting point of this chapter is Marx's *Crisis of 1843*: a crisis of a political, intellectual and personal nature due to family tensions, professional failure, loss of social status and, finally, to the Marxes' departure for France (Kouvelakis 2003: 288). Putting in question his radical-democratic position, Marx started a project of critique of the political in the form of the modern representative state that entailed profoundly innovative consequences for the reflection on the forms of human emancipation. Section 2 shows how, criticising Hegel's *Philosophy of Right* with the goal of realising concrete freedom, Marx came to identify in private property the root of all divisions in bourgeois society and took the first steps in overcoming the inability of bourgeois revolutionary thought to conceive of the principles of freedom and equality in truly universal terms.

In late October 1843, Marx left Germany and moved to the 'capital of the new world', Paris, where he came into contact with communist and socialist militants. In the 1840s, the followers of Saint-Simon and Fourier survived in the form of almost religious sects, but their writings continued to inspire various plans to solve the social question, like those of Louis Blanc and Pierre-Joseph Proudhon. Babeuf's conspiracy (1796), on the other hand, provided the model for the revolutionary organisations formed during the July Monarchy (1830–48) – a period in which the class structure in France was rapidly changing. Following Babeuf and Buonarroti, Auguste Blanqui, the main representative of French communism, aimed at overthrowing state power through the action of secret societies. All early socialists and communists, as Marx and Engels later affirmed,

recognised class antagonisms but not the material conditions for the emancipation of the proletariat and its independent role; their own elaboration, on the contrary, presupposed the emergence and the recognition of the proletariat as an autonomous political force (*CW6*: 515).

The contact with socialist and communist militants in Paris and Brussels provided Marx with extensive documentation for the critique of classical political economy – his main objective since the beginning of 1844. Marx was pushed in this direction also by his reading of the ‘*Outlines of a Critique of Political Economy*’ (1844) by Friedrich Engels who, at the time, worked in Manchester, one of the main centres of the Industrial Revolution. In September 1844 Marx and Engels met; they spent ten days together and, having ascertained their broad political and intellectual accord, began their lifelong friendship and collaboration. In 1845, following pressures from the Prussian government, Marx was expelled from Paris and moved to Brussels where, in February, he published with Engels *The Holy Family*, a polemic against Bruno Bauer and the Young Hegelians, and their only apparent philosophical radicalism, separated from political praxis. By the time he had finished writing it, Marx had already drawn up the plan of another work, a ‘*Critique of Politics and Political Economy*’ (Mandel 1972: 44). Later in the spring he was joined in Brussels by Engels, who had published *The Condition of the Working Class in England* (1845), the result of extensive research based on documents and direct observation of the workers’ living and labour conditions. Marx’s and Engels’s studies and intense political activity were crucial for the development of the materialistic conception of history and the theory of scientific socialism, first presented in *The German Ideology* (1845–6).

Section 3 of this chapter presents the multiple sources of Marx’s early critique of political economy: a variety that has been generally underestimated in the reconstructions of his thought. For Maximilien Rubel (1957b: 398), Marx’s Paris Notebooks (mid-October 1843 to end of January 1845) are the most interesting because they reveal the spirit in which Marx read the classical economists when still ignorant of economic science. The notebooks not only contain his studies of classical political economy (*MEGA*² IV/2: 301–492), but also those of national political economy (*MEGA*² IV/2: 503–48), socialist and communist literature (*MEGA*² IV/2: 551–79), and the history of political economy (in *MEGA*² IV/3). Section 4 presents the first synthesis of these studies in Marx’s draft article on Friedrich List’s *The National System of Political Economy* (1845): his most explicit text on liberal nationalism in Western Europe and the first evidence of his adherence to the labour theory of value. Section 5 then delves into the foundations of the materialistic conception of history, elaborated together with the study of the labour theory of value and of world economic history (Section 6). In the light of this reconstruction, Section 7 interprets the references to the cosmopolitan character of capitalism in Marx’s and Engels’s writings in 1847–8, and the limits of their national policy during the 1848 revolution.

3.2 The globalisation of freedom

Marx's writings in 1842 and early 1843 are informed by a radical-democratic position. Marx wanted to import into the then backward Germany the French Jacobin state. Following Hegel, he interpreted the state as an organic whole, the condition of possibility of society: an overarching, conscious sphere limiting the private interest (Abensour 2004: 55–6). Marx also believed in the then prevailing dichotomous representation of a democratic West and a despotic East, and refers to it fleetingly in his article on the freedom of the press (Krader 1975: 1; Levine 1977: 74). In line with the project of 'popular political economy' of the Robespierreans, the urban *sans-culottes* and the most radical sectors of the peasant movement, Marx believed in the primacy of the right to existence (Kouvelakis 2003: 270). But his activity as a journalist, forcing him to 'discuss what is known as material interests' (*CW*29: 261–2), put in question his faith in the legal order and proved that the state, far from reconciling a divided society, represented the exclusive interests of the property-owning classes.

Marx's studies in Kreuznach, where he moved to rethink his relationship with Hegel, resulted in a number of writings, like the Kreuznach Notebooks, the letters to Arnold Ruge, the 1843 manuscript *A Contribution to the Critique of Hegel's Philosophy of Right*, 'On the Jewish Question' and Marx's 'Introduction' to his critique of Hegel (1844). His five Kreuznach Notebooks are focused on the French Revolution (*MEGA*² IV/2: 156–62, 163–8), and the relationship between state and civil society. The second notebook, in particular, deals with the issue of private property, relations between classes, and those between executive and legislative power. A number of keywords highlighted in the index ('Structure of the feudal regime', 'Relation of the three estates before the revolution', 'Property and its consequences', etc., *MEGA*² IV/2: 116) indicate his attempt at tracing the connection between property and class interests. Indeed, Marx underlined a passage from Rousseau's *Social Contract* arguing that the law is only useful to property-owning classes (*MEGA*² IV/2: 93), and investigated the relation between general will, individual will and private interest. He also focused on the influence of the various classes in the Revolution, when the interpretation of the principle of equality became a subject of bitter controversy. Through these studies, Marx gained awareness of the inability of the bourgeois revolution and the parliamentary system to achieve concrete freedom. In a letter written to Ruge on 3 September 1843 after completing the five notebooks, Marx defined the representative system as the political expression of the domination of private property (*CW*3: 141–5).

These reflections also inform Marx's *Contribution to the Critique of Hegel's Philosophy of Right*, in which he discussed the necessary conditions for realising concrete freedom, conceived of as identity of particular and universal interests. In his manuscript, Marx commented on paragraphs 261–313 of the *Philosophy of Right* on internal state law: he did not address the whole section on the state – which also included external sovereignty and state law – nor the forms of the 'state of the intellect' existing within civil society, which he planned to examine

thereafter (CW3: 81). The manuscript thus ignores Hegel's passages on the expansionism of civil society. This focus does not depend on Marx's presumed view of capitalism as a 'closed national system' – as both Rosenzweig (1920) and Harvey (2001: 296) have argued – but on his political priority at the time, which consisted in extending and radicalising the achievements of the Revolution in Western Europe. His critique, moreover, presupposes a conception, of Feuerbachian origin, of the individual as species being (*Gattungswesen*) linked to the universality of the system of needs and the revolutionary proclamation of human rights (CW6: 510). Marx's attempt at interpreting this concept in actual universal terms represents an element of continuity with the French radical tradition that distances him profoundly from Hegel and led him to question the 'natural' inequalities between individuals that were the necessary corollary, for Hegel, of their formal equality.

Marx began his manuscript by appreciating the fact that Hegel conceived of the separation of civil society from the state as a contradiction, which corresponded, at the individual level, to that of private man from political citizen. Hegel, however, *presupposed* such a separation, which, for Marx, derives from the domination of private property, of an 'inexplicable fact' (CW3: 110). Hegel made this separation a necessary moment in the development of World Spirit, presenting the state as the sphere of its supersession (CW3: 75). Such supersession, however, remained an appearance, the effect of a logical mysticism: in Marx's eyes, the real subject, the concrete man in civil society, was reduced to a mere manifestation of the development of the idea. Hegel's insurmountable contradictions showed the impossibility of reconciling state and civil society while maintaining their actual separation. As anticipated in Chapter 2, their dualistic unity was expressed in the only apparent participation of civil society in the state through political deputies. Civil society could not be the determining factor of the state; the universal class, which should have mediated between the two spheres, was nothing but vulgar bureaucracy.

What then is the power of the political state over private property? The *power of private property itself*, its essence brought to existence. What remains for the political state in opposition to this essence? The *illusion* that the state determines, when it is being determined. It does, indeed, break the *will of the family and society*, but only so as to give existence to the *will of private property without family and society* and to acknowledge this existence as the supreme existence of the political state, as the supreme existence of *ethical* life.

(CW3: 100)

Marx deemed democracy – as actual coincidence of the particular and the universal – to represent the culmination of history, the *telos* of all modern political forms. Its essence was socialised man. Democracy ensured that the Constitution does not reify itself as opposed to the subject, which constitutes itself continuously (Abensour 2004: 104). This situation, however, cannot be achieved *within*

the state since it presupposes the supersession of the separation between state and civil society. In a real democracy, for Marx, the political state perishes: it disappears as a separate reality and dissolves into the network of mediations constituting actual universality. Marx's critique of Hegel, therefore, is closely linked to his revolutionary position. It is this perspective, in fact, that allowed him to redefine politics from the standpoint of a presupposed subject, the *total demos*, coinciding with man as a species being, who needs access to the political sphere in order to recognise himself as universal (Abensour 2004: 98). In this process, man redefines his very nature and the nature of politics itself. Marx's political critique becomes a critique of politics in its state form: the political loses its elements of transcendence and appears as a transformative power immanent in social practices (Kouvelakis 2003: 303).

This movement entails a universalising logic. An element that has been underestimated in the literature is that the radicalisation of Marx's democratic stance led him to overcome the horizon of the nation-state, and to identify the revolutionary subject with the proletariat, intended as an international class. In his studies of the French revolution, Marx reached the conclusion that each class acts in history according to its own particular interests. He therefore asked himself what class had a particular interest that coincided with the universal interest of humanity. Investigating the relationship between political and human emancipation in 'On the Jewish Question' and 'A Contribution to the Critique of Hegel's *Philosophy of Right*: Introduction', Marx presented the proletariat as the embodiment of an alienated humanity: under the guidance of philosophy, it could have been the agent of its own practical emancipation and to that of humanity as a whole.

Significantly, this revolutionary mission was not deduced from the proletariat's role in production but from its negative characteristics within bourgeois society. Germany – which had developed the most advanced philosophy in the world, 'contemporary' to the economic and political developments in England and France – could overcome its economic and political backwardness, placing itself at the level of its philosophy.¹ Having already accomplished its revolutionary role in France, where it held political power, the bourgeoisie could no longer be a revolutionary class. Marx saw the German bourgeoisie as inert, a class that had missed its historical opportunity. 'Clearly involved in Marx's argument – as Draper rightly underlines – is a concept of "uneven and combined development" (to use a later term)' (1978: 171). Since in France and England the question at play was social revolution itself, the German proletariat, despite being just in the making, could have pursued the same objective as the proletariats in these countries: with a *salto mortale* (mortal leap), it could have realised a social revolution and accomplished its universal mission. In order to overcome feudalism, Germany had to overcome capitalism as well. Dealing with the German *status quo*, for Marx, was dealing with an anachronism: there was no 'German solution' to Germany's backwardness. Friedrich List's national system of political economy – which Marx only mentioned indirectly and ironically in his 'Introduction' (CW3: 179) – showed that limited considerations resulted in mere

proposals of protective duties. List effectively assigned the Germans as backward an historical role as that of the Russians, whom Marx at this stage did not regard as playing an active part in world history (*CW3*: 179–80).

3.3 At the sources of the critique of political economy

3.3.1 *Classical political economy*

Marx's writings in Kreuznach converge on denouncing the limits of political revolution in the name of a more radical view of revolution, and open up the continent of political economy. In Paris, he studied different currents in political economy and tried to extrapolate the general characteristics of the discipline.² An underlying thread of his studies is the idea that political economy aims at defending private property, an unexplained *fact* (*CW3*: 270–1). One of its main merits, of Ricardo in particular, consisted in declaring the impossibility of a human life for workers within capitalist society, who counted in it only as 'work-machines' (*MEGA² IV/2*: 421, 407). All political economists would represent, in various forms, the interests of private property, which they assumed as a natural fact, thus running into unresolvable contradictions. For Marx, on the contrary, private property had no independent existence: it derived from the alienation of workers from their activity and their species being (*MEGA² IV/2*: 455–6), which gave rise to all reversals of capitalist society (*MEGA² IV/2*: 466; Block 1986: 57, 61). Political economists only studied a caricature of the human being.

The infamy of national economy consists in assuming the hostility of interests, separated by private property, and in speculating as if the interests were not separated and the property common. In this way they can prove that if I consume everything and you produce everything, consumption and production are in proper order in relation to society.

(*MEGA² IV/2*: 482)

Marx criticised political economy from the standpoint of the future, unalienated society, and considered capitalism as a transitional system: he did not conceive of it in atomistic terms as a sum of individuals, but as the set of their reciprocal relationships. Capitalism appeared to be a stage of human development, which Marx not only related to previous historical stages, but also to the unalienated society of the future. This perspective laid the premises for rethinking the historical process, overcoming the naturalisation of capitalism and the resulting translation of different developmental stages into a justification of international relations of domination.

As we saw in the first chapter, with the labour theory of value classical political economists had laid the premises for understanding the process of capital accumulation on a world scale. As they did not develop the analysis of surplus value, however, they ended up by sustaining a harmonious vision of development, running into insoluble contradictions. Although at the stage of his Paris

writings Marx did not adopt the labour theory of value, he highlighted some of these contradictions, such as Smith's explanation of the division of labour on the basis of exchange in its turn presupposing the division of labour (*MEGA*² IV/2: 332, 336, 416). He excerpted some passages from the *Wealth of Nations* that make it clear that free trade was functional to British manufacturing interests and had positive effects on the rate of profit (*MEGA*² IV/2: 476), and criticised Say's law of markets and its implication that general crises are impossible.

Marx accepted Ricardo's theory of net income, according to which the gain of a country consists of the gains of capitalists and landlords: by nation, in Marx's view, Ricardo only meant the members of these two classes, whose homeland coincided with their property. By denying the existence of a unitary national interest, Ricardo had allowed understanding of the international movement of capital and revealed that political economy is the science of private enrichment. In criticising Ricardo, Say and Sismondi were just trying to oppose the cynical expression of an actual truth, without questioning the inhuman system that was its cause (*MEGA*² IV/2: 421). Marx did underline Ricardo's merits, but also criticised his naive lack of understanding of Say's distinction between profits from domestic and foreign trade. In his view, it was *evident* that in international trade a nation could gain to the detriment of another (*MEGA*² IV/2: 418).

Marx therefore investigated international relations from the start of his economic studies (Westphal 1984; Block 1986; Galander and Block 1987), even though he was unable to *explain* their antagonistic character: a question that, as we shall see, will return constantly in his investigations. It is important to stress, however, that as private property operates at a global scale, so the category of alienation is not limited to a single nation, but refers to the working class as a class transcending national boundaries. When he wrote the *Economic and Philosophic Manuscripts*, Marx had not yet accepted the labour theory of value nor explained the origin of alienation, which he assumed as an *actual* economic fact (*CW*3: 271–2). What is more, he accepted Ricardo's theory of rent and the resulting iron law of wages, according to which the wage is continually pushed down to subsistence levels: a law that increasingly imposes itself with capitalist development and against which workers' coalitions are powerless (*MEGA*² IV/2: 421, see also Chapter 1.3 and Lapides 1988: 122–3). Marx did not overcome the atomistic approach of classical political economy and developed a philosophical critique that was not yet rooted in its inherent contradictions. His internationalist position was thus characterised by an abstract projection into a universal *Gemeinschaft* (Szporluk 1988: 60).

3.3.2 National political economy

In Paris, Marx also studied German critics and supporters of classical political economy like Karl Wolfgang Christoph Schütz, Friedrich List and Henrich Friedrich Osiander.³ At the time, Marx had not yet distinguished classical and national political economy; he counterposed, nevertheless, List's to Osiander's views on classical political economy.

A politician and intellectual, List represented the interests of the German industrial bourgeoisie.⁴ In his *National System of Political Economy* (1841), he sought to promote the industrialisation of the late developers of the 'temperate zone', presenting German industrialisation as beneficial for the nation as a whole (1904: 230, 117). In order to do so, he revived the mercantile system, which he renamed as 'the industrial system', and criticised both classical political economy and the currents of utopian socialism. The main principle of his time, in his view, was nationalism, not egalitarianism. The contradictions outlined by the classical economists and denounced by the utopian socialists were not inherent to the system as such, but an expression of its lack of development (1904: 105). List questioned the universal validity of the labour theory of value. He summarily defined classical political economy as 'the School', and presented it as an apolitical theory of value that ignored politics and occupied itself with all humanity without recognising the existence of international antagonisms (*MEGA*² IV/2: 506–9).

The starting point of his system was the nation, not value. Marx noted that, despite his affirmation in Chapter 13 that there was no difference in principle between the national and the international division of labour, List posited a fundamental separation between the two, and affirmed the primacy of the internal over the external market (*MEGA*² IV/2: 529). He proposed a new theory of wealth, the theory of 'productive powers', which must be considered alongside the 'theory of values' (1904: 111). Smith, he affirmed, identified exchange values with material goods, and believed that 'bodily labour' alone was productive. In the light of this arbitrary interpretation, he contended that 'the power of producing wealth' is 'infinitely more important than the wealth itself' (1904: 108; *MEGA*² IV/2: 518–20), pitting 'productive powers', which are infinite and nonmaterial, against 'values of exchange'. Criticising the deductive method of classical economy, List presented social reality as a relation of not only 'economic' but also transcendental 'political' and 'cultural' powers (1904: 113, 211). 'Spiritual capital' – conceived of as a combination of socio-political, institutional and moral factors – was presented as the most important cause of development (*MEGA*² IV/2: 520).⁵

According to List's 'infant industry argument', every nation that aspired to industrialisation had to increase its productive powers and change its commercial system according to its specific degree of development. Just as productive powers responded to a principle other than the 'economic', so List never defined the nature of the state, which appears to be an authority external to society as a whole. A selective system of commercial protection was a means to attain the industrial stage, when the economy had become sufficiently competitive to benefit from a renewed free trade. List therefore saw his 'political' economy as the condition for attaining the 'cosmopolitical' economy of the School (*MEGA*² IV/2: 517), and contested free market principles only in relations between countries of the 'temperate zone', not where the 'torrid zone' was concerned. His argument about protection developed not only *into*, as Schumpeter noted (1955: 505), but also *within* a free trade argument.

The theory of productive powers allowed List to obscure the centrality of labour exploitation in late development and to affirm the positive effects of the division of labour on workers: as 'manufactures operate beneficially on the development of the mental powers of the nation,' he maintained, 'so also do they act on the development of the physical power of labour' (1904: 163). For Marx, List did not overcome the antagonism between capital and wage labour; his mere redescription of the worker as a 'productive power' did not represent any progress on the 'so-called value theory', but it only subjectivised value (*MEGA*² IV/2: 529–30). What is more, List dismissed Ricardo's theory of ground rent, and asserted that industrial bourgeoisie and landowners were 'connected with one another by perpetual peace'. Protective tariffs were not detrimental for landowners, because industrial development increased the demand for national agricultural products and agricultural improvements stimulated national manufacture. Development led to increases in wages, capital and ground rent (List 1904: 149–50).

Ignoring the link between the division of labour within manufacture and within society, List divided domestic and foreign markets, and affirmed the primacy of the former over the latter. Despite his revival of the mercantile system, his model impeded a real understanding of its scientific achievements. List, in fact, interpreted the system through a nationalist lens, and affirmed that its superiority consisted in its insistence on the necessity of state intervention and on being based on the idea of 'the nation' as an individual entity (1904: 271–2). List believed, Marx commented, that the balance of trade corresponded to the 'real balance between **production and consumption** within a nation' (*MEGA*² IV/2: 544–5). List criticised the 'School' because it downplayed the close connection between the system of protection and war (*MEGA*² IV/2: 546). In his review of trade and industrial policies in the major Western states (*MEGA*² IV/2: 512), however, List ignored labour exploitation and only focused on the internal aspects of protective policies, without analysing the protectionist system as a whole and its links with the colonial, fiscal and national debt systems.

In his notebooks, Marx annotated List's arguments on the importance of the colonies for manufacturing development (*MEGA*² IV/2: 538).⁶ In Chapter 22, 'The strength of the manufacturing and navigation, the power on the seas and colonisation', List defined the exchange between primary and manufactured products as the basis of trade relations (*MEGA*² IV/2: 543), and attributed the colonial division of labour to climate and 'nature', justifying it on that basis. Only the 'nations' of the 'temperate zone' were suitable for the development of industry; the 'barbarous peoples' in the torrid zones, by contrast, could progress in wealth and civilisation only by continuing to exchange their raw materials for manufactured goods (1904: 131, 156). British hegemony was a hinderance for the advancement of the other 'nations', and pushed them more closely together (*MEGA*² IV/2: 546).

In his notebooks, Marx compares List's argument with Osiander's. The latter opposed protective duties because they led to increases in prices. In his view, the example of Venice, presented by List, proved that protective duties were useful for manufacturing production only in the periods of its decline. Such an example,

moreover, was inappropriate given List's focus on big states (*MEGA*² IV/2: 512). List's critique was unfair because the classics also affirmed the necessity of protective duties for industrial development and as a source of state revenues, thus sustaining the impossibility of a completely cosmopolitan economy (*MEGA*² IV/2: 516).

3.3.3 *Socialist and communist literature*

In Paris and Brussels, Marx also read socialist and communist scholars like Eugène Buret, Simonde de Sismondi, Chamborant, Adolphe Blanqui and François Villegardelle, the social-Catholic French politician and economist Villeneuve-Bargemont, and other writings on the social question. A notebook is missing with excerpts from Sismondi's *Nouveaux principes d'économie politique* (2nd edn, Paris, 1827), Xavier Droz's popular treatise of political economy and Antoine Elisée Cherbuliez's *Richesse ou Pauvreté* (Paris, 1841). This section highlights three main points emerging from his study of this literature: Marx's attention to various aspects of poverty; the deepening of his understanding of the labour theory of value; and the international aspects of the socialist critique of the 'industrial system' (*CW*6: 509).

In his notebooks, Marx devoted particular attention to Eugène Buret, Sismondi's intellectual heir, and to his *De la misère des classes laborieuses en Angleterre et en France* (1840): the most important and popular work on the social question of the time, providing rich documentary material on Western Europe and North America.⁷ Buret affirmed the social character of poverty and distinguished this concept, of 'material' nature, from that of misery, poverty perceived at the moral level. The English term 'pauperism' referred instead to poverty as a social phenomenon: public misery. For Buret, misery is a contrast that emerged alongside civilisation: 'misery and its consequence have been the price of wealth' (*MEGA*² IV/2: 551–2). Misery, in fact, is related to different social contexts, and is provoked by decreases in resources or increases in needs. What is more, it differs from the general poverty of pre-capitalist societies and presupposes the individuals' ability to compare their reciprocal situation: 'misery is poverty in civilisation' (*MEGA*² IV/3: 146).

In his *Cours d'économie politique*, Buret defines the situation of the working class as a condition of degradation that leads to barbarism within civilisation (*MEGA*² IV/3: 143); the wretched of all countries seem to belong to the same race (*MEGA*² IV/2: 578). Significantly, Marx focused on Buret's analysis of absolute and relative poverty, and of the interdependence among its material and moral aspects (*MEGA*² IV/2: 551, 577). He summarised the documentary material on the growth of pauperism in urban and rural areas in different countries (France, England, Ireland, North America, Sweden, Russia, Denmark, the Netherlands, various German states, etc.). Comparing the situation of the day labourers in England to that of the slaves in Jamaica, Buret argued that the former had the pain and humiliation but not the bread of slavery. He also delved into housing and health conditions, mortality and the sire of workhouses,

hospitals and prisons. Marx annotated Buret's reports on labour struggles and the legislative measures against workers' coalitions in France – starting from the 1791 loi Chapelier (*MEGA*² IV/2: 561) – and on the growing organisation of the proletariat.

In Brussels, Marx read Simonde de Sismondi for the first time. In his *Nouveaux principes d'économie politique*, Sismondi elaborated his observations of the economic crisis during his second trip to England in 1818–19. He adhered to the labour theory of value and criticised Smith's view of capitalism as harmonious (Grossman 1924). As anticipated in Chapter 2, Sismondi there presented the links between production of exchange values, capital concentration, impoverishment and crisis. A structural problem of underconsumption of the working class pushed capitalism towards crisis and forced it continuously to expand the markets. Although Marx's notebooks on the *Nouveaux principes* are missing, in those on Sismondi's *Études sur l'économie politique* (1837) Marx annotated his critique of the social consequences of the industrial system and his considerations on the emergence of a new class, the 'proletariat',⁸ whose miserable conditions endangered both society and the state. Sismondi also denounced the violence and barbarism of modern colonisation, and its destructive consequences on colonised peoples. In his notes, Marx excerpted various aspects of his analysis, including his reconstruction of the process of rural dispossession in Scotland. Significantly, Marx agreed with Sismondi that all progress is aimed at reducing the value and the compensation of labour (*MEGA*² IV/3: 123). He criticised, however, Sismondi's concept of a real trade and his romanticised view of ancient colonisation (*MEGA*² IV/3: 127, 204).

Both Buret and Sismondi contributed to the critique of civilisation in its capitalist form; they emphasised the dehumanising consequences of capitalism and the centrality of class struggle in history (Grossman 1924, 1943; Levine 1987: 432, 437).⁹ In Charles Fourier, too, poverty became the starting point of a critique of modern civilisation itself. Along with Quesnay and the physiocrats, Fourier believed that the trading system corrupted civilisation, as the deeds of the British and the Carthaginians demonstrated. Free competition tended to become its opposite: a law of monopolies, 'commercial vassalage' and 'industrial feudalism'. In his description of 'crises pléthoriques' (periodical crises of overproduction), under the industrial system peoples starved despite the abundance of resources, and civilisation had reached the bottom of the abyss (Stedman Jones 2006b: 47). In the excerpts from Brissot de Warville, Marx annotated the idea that the overwhelming majority of the people, being property-less, had no fatherland and did not belong to civil society. In order to restore their rights, they had to smash the entire state machine (*MEGA*² IV/3: 427).

3.3.4 History of political economy

In Brussels Marx continued his studies of political economy, delving into the history of the economic science (his sixth Brussels Notebook bears the title 'History of National Economy'). In the third and sixth Brussels Notebooks Marx

excerpted François Louis Auguste Ferrier's *Du gouvernement considéré dans ses rapports avec le commerce* (Paris, [1805] 1822) and Volume 1 and 2 of Charles Ganilh's *Des Systèmes d'économie politique* (Paris, 1809), reportedly the earliest history of economic ideas (Baksi 2001: 263). Marx later defined Ferrier and Ganilh as 'the economists of the Empire' (*CW*31: 195) and modern 'rehashers' of mercantilism (*CI*: 153).

Ferrier was an official of Napoleon's and a supporter of the Continental System. Criticising Smith's false universalism, he emphasised that the science of administration depends on circumstances, lives on facts and on experience, and rejects absolute knowledge (Ferrier 1822: x, xvii; *MEGA*² IV/3: 212). Smith, in his view, was well aware of the fact that his system represented the interests of his own country; without the 'prohibitive system', there would have been but one single industrial nation (*MEGA*² IV/3: 217–8). For this reason, Ferrier maintained (1822: xl), there was no disagreement in Europe on this question and 'never [had] the unlimited freedom of trade been less favoured'. Unlike List, however, Ferrier did not deny the scientific elements present in Smith's work and, Marx noted, did not contest the value theory, but understood development as an expansion of the production of exchange values (Ferrier 1822: 71; *MEGA*² IV/3: 212). As Marx will argue in his draft article on List, as a representative of the French revolutionary bourgeoisie Ferrier supported the old mercantilist system explicitly because it increased a nation's productive capital. While upholding the primacy of the domestic market, moreover, he contested its separation from the foreign market and, opposing Say's law of markets, explicitly affirmed the necessity for industrial capital continuously to expand the foreign market and the colonies (*MEGA*² IV/3: 215). State intervention appeared necessary for both the genesis and the reproduction of the industrial system, which disposed not only of domestic production, but also of that of the rest of the world (*MEGA*² IV/3: 213). For this reason, in Ferrier's view, it would have been mad for the metropolis to grant independence to the colonies.

From *Des systèmes d'économie politique*, Marx excerpted Ganilh's critique of Smith's division between balance of trade and balance of produce and consumption, and his argument that investment is most profitable within national borders (*MEGA*² IV/3: 421–2). In his 1861–63 *Manuscript*, Marx defined Ganilh's work as 'a very inferior and superficial compilation', since it defended the mercantilist view of profit upon alienation (*CW*31: 97). It only revealed superiority over the mercantilists in his conceptualisation of 'travail général', which expressed the fact that not only labour domestically, but labour in general was productive and represented the foundation of the entire international system. Ganilh counterposed explicitly the progress of the 'richesse générale' when based on the 'travail général', all capitals and universal commerce, and when based on the labour, capitals and trade of each people (*MEGA*² IV/3: 420).

In his sixth Brussels Notebook Marx excerpted Giuseppe Pecchio's *History of Political Economy in Italy* (in its French translation: Paris, 1830), comparing the history of political economy in Italy and in Britain.¹⁰ According to Pecchio, while political economy in Italy was a complex science at the service of the

legislative power, related to morality and public good, British political economy was a *separate* science aiming at private and national enrichment. With its 'cosmopolitanism' it intended to increase production in Britain and in the entire world: the British 'civilised' and pushed to work 'savage nations' and 'idle' people (MEGA² IV/3: 405). Marx also annotated some passages from a French translation of *A Discourse on the Rise, Progress, Peculiar Objects and Importance of Political Economy* (Edinburgh, 1824) by John Ramsay MacCulloch, discussing the monetary and mercantile systems, the physiocrats and classical political economists. The notebook concludes with a study of the *Histoire des idées sociales avant la révolution française, ou les socialistes modernes* (Paris, 1846) by François Villegardelle, a survey of pre-1789 social ideas, and with excerpts from *The Facts and Fictions of Political Economists* (Manchester and London, 1842) by the one-time follower of Robert Owen, John Watts. Marx excerpted Watts's remark that **'if labour be the only source of wealth', its 'appropriation is the master curse of human nature'** (MEGA² IV/3: 430).

3.4 Marx's unfinished critique of Friedrich List

Marx's draft article on Friedrich List's *The National System of Political Economy*, probably written in March 1845,¹¹ provides evidence of Marx's early adherence to the labour theory of value, which informs his examination of List's nationalist position. The draft also anticipates critical interpretations of List by historians of political economy (Watson 2012), and is particularly significant since List is a fundamental reference point of contemporary critical IPE and development studies.¹² In Marx's view, List's system presented no originality: he did nothing but repeat what had already been said not only by the mercantilists, but also by classical political economists (CW4: 273). Being interested exclusively in protective tariffs, List paid no attention to the developments of 'the School'. Marx provides textual evidence that his main ideas had already been formulated by Ferrier in *Du gouvernement considéré dans ses rapports avec le commerce*, which List had copied without citing. Marx did not counterpose mercantilism and classical political economy, which provided elements for its own immanent critique as the science of private property and allowed understanding of the underlying objectives of state intervention (CW4: 278). List, on the contrary, did not contest classical economists for having given adequate expression to capitalist society and, in Marx's view, began with the hypocrisy that had come to characterise the School of Saint-Simon. In its denunciation of the effects of the industrial system, the Saint-Simon School had identified the potentialities of industry beyond its capitalist form, demanding association as an alternative to competition. After the first labour struggles, however, it naturalised the system and glorified the bourgeoisie (CW4: 283).¹³

For Marx, the characteristic element and true base of List's national political economy was the theory of productive powers, which he considered as a theoretical regression. Only on its basis – after the harmful effects of the industrial system had manifested themselves, and the first critiques of it had emerged –

could industrialisation be presented as beneficial for the nation as a whole. Since the enrichment of the German industrial bourgeoisie was possible only by exploiting the working class and erecting protective tariffs – to the detriment of consumers and, in particular, of the working population – List had to disguise its interests, presenting them with a spiritual phraseology and having recourse to extra-economic factors. He also had to deny the existence of an antagonism between industrial and agrarian interests, but, not daring to use the same spiritual phraseology with the landowners, he wanted to convince them about their future material gains. That explains why, in Marx's view, he falsified Ricardo's theory of rent, which was the expression of the struggle of the industrial bourgeoisie against the landed aristocracy. List's lack of originality, for Marx, expressed the incapacity of the German bourgeoisie – which he deemed as 'petty', 'weak-minded' and willing to align with the landowners – to make any progress, be it on the theoretical or the economic plane (*CW4*: 294). Indeed, the alliance between the bourgeoisie and the landowners retarded industrialisation in Germany; it was only to face the growing threat of a political upheaval of peasants and proletarians that, in the late 1840s, the landowners and the industrial bourgeoisie formed an alliance, removing some political impediments to industrialisation (Trebilcock 1981: 76–7; Byres 1996: 133, 143).

In Marx's eyes, List's *dualistic* approach differed radically from that of the classical economists. By presupposing the separation from but the subordination of the state to capital, the latter had laid the basis for formulating general laws of capitalist development (*CW4*: 267). The theory of productive powers, on the contrary, abstracted the action of the state from social relations, both nationally and internationally. In a context of backward development like that of Germany, for Marx, the bourgeoisie proclaimed the autonomy of the state with respect to the 'economic' sphere because it needed to have state power at its disposal; and it affirmed the separation of the domestic and international spheres because it was vulnerable to competition in the world market (*CW4*: 280).

To destroy the mysticism of the theory of productive powers, for Marx, it was sufficient to consult a book of statistics, where one could read about water-power, steam-power, horsepower, manpower, etc. In capitalist society human activity did not respond to any transcendent principle but was a factor of production to be exploited like any other factor. Referring to Andrew Ure, the main theorist of the factory system, Marx affirmed that the development of productive forces aimed at generating profits by depriving workers of the control of their own activity (*CW4*: 284). By identifying the roots of the antagonism between capital and wage labour in the sphere of production, Marx could identify the expansive logic of the system. The laws of capitalist development, for him, did not hold primarily in the national sphere, but globally: international relations and the development of new capitalist states were subordinate to them (*CW4*: 280). By allowing concentration of the most competitive capital, free trade favoured capitalists in stronger nations and allowed the extension of their field of accumulation. Late development, on the other side, represented an expansion of the system of labour exploitation. This argument did not exclude

the possibility of material improvements in the workers' situation as a consequence of industrialisation, but these had to be considered as a result of their exploitation itself.

Far from being an autonomous entity, for Marx the German state was an instance of class power. Each nation-state represented the fusion of the interests of the bourgeoisie into a nation and was shaped by its competition with other sections of the bourgeoisie, which was, however, an international class. With its power based on labour exploitation, intra-class bourgeois competition was subsumed under its overall antagonism with the proletariat. Whereas the community of interest of the bourgeoisie expressed itself in the antagonistic form of intra-class competition, the community of interest of the working class was the basis of proletarian internationalism (*CW4*: 280). Criticising one-sided Marxist accounts that present the state as a relation of force directed primarily at the working class domestically, Colin Barker (1978: 120) argued that 'more than an instrument of inter-class domination, the modern state is also an instrument of intra-class competition'. The draft article on List makes it possible to affirm, however, that for Marx intra-class bourgeois competition is subsumed under its overall, global antagonism against the proletariat. Marx incorporated his analysis of the state within his broader critique of capitalism as an imperialist system, already seeking to think the relation between the economic and the (geo)political 'in the context of a larger understanding of the trajectory of capitalist development' (Callinicos 2009: 67). The rise of the international working class movement, in its turn, was the condition for an effective critique of political economy, able to call into question the system of which political economy was an expression.

The nationality of the worker is neither French, nor English, nor German, it is *labour, free slavery, self-huckstering*. His government is neither French, nor English, nor German, it is capital. His native air is neither French, nor German, nor English, it is factory air. The land belonging to him is neither French, nor English, nor German, it lies a few feet *below the ground*.

(*CW4*: 280)

In the draft article on List, Marx considered different forms of development – more advanced, as in England, or relatively backward, as in Germany – on the basis of the overall dynamic of a system that had already laid the premises for its supersession. German philosophical, French political and English industrial development, in his view, had created the conditions for the victory of social revolution in Western Europe, which would lead to the emancipation of all humanity. Contrary to a dominant interpretation (Anderson 2010: 2), therefore, in the early 1840s Marx did not have a stageist, unilinear vision of development and revolution: protective tariffs, he believed, were a limited solution to the epochal problem of social revolution, which would allow German workers not only to reach the levels of other nations but to bring about the liberation of the human being as such.

To hold that every nation goes through this development internally would be as absurd as the idea that every nation is bound to go through the political development of France or the philosophical development of Germany. What the nations have done as nations, they have done for human society.
(*CW4*: 281)

In the draft article, we do not find, however, a concrete and in-depth analysis of capital accumulation on a world scale or an elaboration of Marx's notes on the colonial questions. What is more, the conditions of possibility of social revolution in a relatively backward country like Germany are not explored. This is surely due to the limited development of Marx's critique of capitalism and to the excess of his revolutionary optimism, which led him to attribute great weight to intellectual factors, such as German philosophy, in the revolutionary process. In the spring of 1845, both Marx and Engels were convinced that, given the astonishing rapidity of the growth of the proletarian movement, social revolution was imminent in Germany and could not be stopped by any bourgeois advance (*CW4*: 238). Over time, as we shall see, they progressively overcame their previous limitations and also came to recognise the increasing dynamism of the liberal bourgeoisie in Germany around 1846–7. Significantly however, as Draper highlighted and we shall discuss in this book, 'while Marx started with what was essentially a primitive theory of permanent revolution', he then proceeded through a complex process of re-elaboration in the light of his practical experience, 'first circling away from this view, before coming squarely back to it in a more sophisticated form, as the outcome of the revolution of 1848–49' (Draper 1978: 174).

3.5 The foundations of historical materialism

Aware of the importance of a concrete experience of British society, in its exemplarity, in July and August 1845 Marx and Engels went to Manchester: a six-week journey in which they got in contact with leaders of the labour movement and devoted themselves to the study of political economy and English socialism. Their Manchester Notebooks have been partially published in volume *MEGA*² IV/4, which comprises five of the nine notebooks by Marx; the rest of the notebooks are to be published in *MEGA*² IV/5. Engels's three notebooks published in *MEGA*² IV/4 are the only signs of his preparatory work for his planned book on England's social history. These notebooks are essential for tracing a fundamental phase of Marx's and Engels's intellectual and political development, and are a unique example of their joint research (*MEGA*² IV/4: 31*, 47*).

In Manchester Marx had a chance to read in the original the works of British economists. These can be divided into two main groups: the first consists of economists of the seventeenth and eighteenth centuries such as Edward Mises, William Petty, Charles Davenant and Robert Clavell; the second group includes representatives of post-Ricardian political economy, such as, on the one side, the utopian socialists who tried to draw socialist conclusions from Ricardo's

system, and, on the other side, the economists who rejected the labour theory of value and whom Marx will later define as vulgarisers (including John Stuart Mill, Nassau William Senior, Thomas Cooper, William Atkinson, and John Ramsay MacCulloch). Marx was now much more attentive to the theoretical aspects of political economy, and focused on specific questions like the relation between wage labour and capital, value and price, profit and the rate of profit, etc.

In his study of the mercantilists, Marx commented on Petty's and Davenant's reflections on the origins of wealth, which they traced back to labour and land (*MEGA*² IV/4: 22, 28, 47). He also became increasingly aware of the importance of trade and colonial expansion for manufacturing development. He delved into the question of the balance of trade and noted several elements that he then presented systematically in *Capital*: the existence, in spite of their competition, of a common interest among European powers for the control of markets and colonies; the necessity of demographic regulation and of anti-poor laws for ensuring a sufficient labour supply for manufactures; the centrality of the protectionist and colonial systems, and of the systems of national debt and taxation. In Marx's view, Davenant had proved extensively that England in the years since 1656–66 had become richer through foreign trade (*MEGA*² IV/4: 52). Marx referred repeatedly to Engels's notebooks, and probably studied his notes on processes of rural expropriation in England, on the Poor Laws and various labour laws setting the maximum wage in the manufacturing period (*MEGA*² IV/4: 373), along with continuous workers' fights for the right to unionise.

From William Cobbett's *Paper against Gold, or The History and Mystery of the Bank of England* (London, 1828) (*MEGA*² IV/4: 209–32), Marx excerpted various passages on the importance of the Bank of England in the development of capitalism in Britain and on the relationship between accumulation of assets and state debt. He also copied a series of tables on the link between public debt and war spending (*MEGA*² IV/4: 215–17, 219). Marx then studied the debate around Peel's Bank Act of 1844, and the polemic between the Currency Principle and Banking School. He read Engels's notes from Thomas Tooke's *A History of Prices and of the State of the Circulation 1793–1837* (London, 1838), which proved to be Marx's most important source for the study of crises (*MEGA*² IV/4: 121–45; see Chapter 4 in this book). Although he was a follower of Ricardo, in fact, Tooke criticised the Currency Principle and proved that there was no direct connection between money circulation and prices. At the time, however, Marx did not follow Tooke's critique of the Currency Principle, but only drew the conclusion that crises of overproduction depended on the goal of capitalist production being profit rather than social needs (*MEGA*² IV/4: 23*; 342). In some passages, moreover, Marx criticised Ricardo's theory of comparative advantage for disregarding the centrality of costs of production at the international level (*MEGA*² IV/4: 251) and analysed his theory of rent, to which he adhered (*MEGA*² IV/4: 175–9, 279). His already critical study of Malthus's theory of population was mainly based on Michael Thomas Sadler's argument that this 'law' improperly generalised and naturalised trends in population

growth in North America resulting from immigration. For Marx, the theory of population had been formulated by Joseph Townsend, Robert Wallace and John Bruckner; Malthus was a mere copyist (*MEGA*² IV/4: 102–3). John Stuart Mill, in his view, was an example of the doubts and contradictions of the post-Ricardian bourgeois scholars. Cooper, Atkinson and Senior all understood the antagonism between landowners and capitalists, on the one side, and the working class on the other; they criticised Ricardo for his failure to explain the relation between value and price of production, without providing, however, any satisfactory solution.

In Manchester Marx also studied the history of Chartism, and read English socialists such as Thomas Rowe Edmonds and William Thompson who, between the 1820s and 1840s, criticised the Ricardian system on the basis of the labour theory of value, seeking to draw favourable conclusions for workers (Mandel 1972: 45). Since they identified labour as the only source of wealth, they proposed to divide the product in a way that ensured to workers their own product; **'labour must receive its full equivalent'** (*MEGA*² IV/4: 239). Marx's criticism of their proposed solutions (*MEGA*² IV/4: 181, 241, 245) pushed him to deepen his study of Ricardo. In his sixth and seventh notebooks, he summarised extensively Robert Owen's works and John Francis Bray's *Labour's Wrongs and Labour's Remedy* (1839) [B 37, Heft XXXVIII]. The latter argued that the transaction between capitalist and worker was a 'palpable deception', 'a mere farce', where the real origin of profit laid.

The whole transaction [...] plainly shows that the capitalists and proprietors do no more than give the working man, for his labour of a week, a part of the wealth that they have received from him (the worker) the week before.

(Bray 1839: 49, 50)

Accumulation was entirely a product of labour. In Bray's view, English people were ready to transform society, and the unions had shown the power of the working class. He proposed the subversion of the social system and the introduction of 'labour-money', i.e. an amount of banknotes corresponding to the labour necessary for the production of commodities.

These studies had a major theoretical and political significance; they were key to Marx's and Engels's elaboration of the labour theory of value¹⁴ and their development of a 'new conception of history', according to which 'the mode of production of material life conditions the general process of social, political and intellectual life' (*CW*29: 263). As their historical and philosophical investigations led Marx and Engels to affirm the centrality of 'forms of intercourse' (*Verkehrsform*),¹⁵ so did their study of political economy highlight the centrality of labour in determining the value of commodities. These theoretical achievements proceeded hand in hand with the definition of the perspective of scientific socialism in opposition to idealistic doctrines, to 'philosophical and sentimental communism' and also to the various currents of utopian socialism. It was this

approach – grounded in the scientific analysis of production relations – that allowed Marx better to understand the centrality of the international dimension.

In *The German Ideology*, their first collaborative presentation of the historical materialistic perspective, Marx and Engels criticise private property, and argue that the state emerges from the antagonism between particular and common interests (*CW5*: 46). Civil society does not coincide with the state: *geographically*, it embraces all the material intercourses between individuals determined by the specific level of development of the productive forces; *historically*, it includes the various stages of development of the productive forces. Civil society, therefore, ‘transcends the state and the nation’; in foreign relations it asserts itself as nationality, while in internal relations it organises itself as state (*CW5*: 89). Drawing also on Ricardo, Marx and Engels argue that the functioning of the world market showed that bourgeois profit was independent of politics and that politics, on the other hand, was completely dependent on the interest of the bourgeoisie, first of the commercial and then of the industrial bourgeoisie. They presented the state as ‘the form of organisation which the bourgeois are compelled to adopt, both for internal and external purposes, for the mutual guarantee of their property and interests’ (*CW5*: 90). They therefore paid attention to both internal and external aspects of state intervention, and its role in the formation of the capitalist world market. The material unification of humanity realised by capitalism, in their view, was the condition for the development of world history and the birth of the materialistic conception of history itself.¹⁶

At the time, Marx and Engels believed that the historical premise of civil society was the family, in its simple and more complex forms, the so-called tribal order.¹⁷ Human history appeared as a sequence of stages of development in the division of labour determining different ‘forms of ownership’: from tribal property and the ancient (Greek–Roman) ‘communal and state property’ to the ‘feudal and estate property’ and the capitalist one (*CW5*: 32–5). Marx’s and Engels’s critique of private property radically questioned the view of civilisation as a progressive imposition of private property (Levine 1987: 433, 436). Despite their focus on historical developments within Europe, moreover, they did not adopt a unilinear and Eurocentric approach, as Hobson argues (2012: 57). For Eric Hobsbawm (1964: 28), *The German Ideology* suggests no logical connection between the Roman and tribal (German) institutions and the feudal form, but merely notes a relation of succession; ‘feudalism appears to be an *alternative* evolution out of primitive communalism’. In their attempt to place the origin of capitalism in Europe within a unified vision of human development, moreover, Marx and Engels laid the foundations for overcoming national interpretations of the capitalist mode of production – in which, as Jairus Banaji underlines (2010), different forms of exploitation coexist – and for analysing the interaction between various forms of social organisation, thus excluding *systematically* unilinear approaches to history. In their view, the more ‘the original isolation of the separate nationalities is destroyed by the advanced mode of production, by intercourse and by the natural division of labour between various nations arising as a result, the more history become world history’ (*CW5*: 50–1). Although Marx and

Engels themselves were well aware of the limited results of their application of the materialistic method, this nevertheless inaugurated a new approach to the study of history, applicable to both capitalist and pre-capitalist social formations. As we shall see, Marx later adopted it also in his study of non-European societies, moving beyond his previous approach focused on the political (Rein 1988: 9).

In the light of this elaboration, philosophy was no longer seen as the conscious, determining factor in the revolutionary process, which was now understood as the result of the contradiction between the development of the productive forces and capitalist property relations. The extension of the world market was seen as a condition for industrial development in Western Europe, which – thanks to the increasing socialisation of labour that underpinned it – appeared in its turn to be a premise for the fulfillment of the proletariat's universal mission. For Marx and Engels, social revolution should have taken place simultaneously in all 'civilised' nations: it needed to include the proletariat in the most advanced country, Britain, but was possible even in more backward countries like Germany. Indeed, the contradiction between productive forces and the 'forms of intercourse' did not necessarily need to break out in the country where it was developed the most. Competition with industrially advanced countries generated a similar contradiction even in less developed countries like Germany, where it created a 'latent proletariat' (*CW5*: 75). Social revolution was an event of world-historical significance, which would have allowed individuals to reappropriate their alienated power and to replace their illusory community with their real community under communism.

3.6 World economic history

The unity between theory and praxis, argued for in the 'Theses on Feuerbach' (which Marx wrote sometime after the manuscript of *The German Ideology* was drafted), did not remain on paper. At the beginning of 1846 Marx and Engels began actively to engage in the revolutionary movement. Since most of the German labour movement was under the influence of the League of the Just, led by the utopian communist Wilhelm Weitling, they decided, as an intermediate step, to establish the Communist Correspondence Committee, which began to exert a growing influence on the League, and ended up by leading it in 1847. Marx also dedicated himself to establishing international connections and holding lectures on matters of interest to the working class, including those later published as *Wage Labour and Capital* (1847–9) and *Discourse on Free Trade* (1848). In the same period he delved into economic history, summarising a work by Gustav von Gülich he had already read while writing *The German Ideology: Historical Description of Commerce, Industry and Agriculture of the Most Important Mercantile States* published in five volumes in Jena between 1830 and 1845.¹⁸

This work, which represented the first general exposition of world economic history in the German language (*MEGA*² IV/6: 30–1*), was summarised by

Marx in more than six hundred print pages, reorganising much of the order of exposition, collecting statistical data and drafting summary tables. In his notebooks, which he continued to consult in writing and revising *Capital*, Marx collected the extensive material provided by Gülich, focusing on issues like the formation and development of the world market; the link between trade and production; the birth of the colonial system; wars and their consequences; the development of productive forces and crises. From his order of presentation and the changes he made we can draw important information on Marx's approach to political economy and economic history at the time.

Significantly, his notebooks start from the analysis of developed commodity circulation in the world market and *then* turn to gold, silver and money circulation. Unlike Gülich, Marx does not consider the economic systems of dominant states like Britain as national systems, but as integrated systems including both formal and informal colonies, both settler colonies, like the US, and densely populated countries, like India, ruled by a minority of European origin. Marx's third notebook, for example, focuses on the history of Britain and its colonies from ancient times to 1841, combining materials from the first and second volumes of Gülich's work, including his analysis of India, China and Japan (*MEGA*² IV/6: 35–6*). Marx saw a close link between commercial and colonial expansion, and distinguished two main stages of formation and development of the world market: the 'pre-industrial' world market – dating back to the geographical discoveries of the fifteenth and sixteenth centuries – and the world market created on the basis of large-scale industry (Block 1986: 59–60).

From the fifteenth century onwards the development of English manufacturing had only been possible through the creation of the protectionist and colonial systems.

[199] *More and more importance of the intercourse of Europeans with foreign parts of the world, much less does the trade rise between the different European nations.* This traffic has grown so much since the discovery of America and the circumnavigation of the Cape of Good Hope, growth of the colonies in America and increased use of non-European raw materials in European trades, on the other hand very much increased consumption of European industrial products (rise of independent states in America) in America and particularly also in Asia.

(*MEGA*² IV/6: 95)

Marx then traced the process of progressive dismantling of the British mercantile system and the rise of what would later be called 'free-trade imperialism'. He noted that, with the Industrial Revolution, foreign trade gradually acquired centrality over domestic trade up to the point that the flourishing of the latter depended on the development of the former (*MEGA*² IV/6: 99), profoundly affecting the situation of the working class (*MEGA*² IV/6: 479). The expansion of trade was closely connected to that of capital's field of investment, whose

importance began to grow especially after the end of the Napoleonic Wars. From 1818 to 1824, British international loans far exceeded those of all other hegemonic powers of the past and were accompanied by increasing capital investment, underpinning the development of transport and communication (*MEGA*² IV/6: 477).

Highly competitive British industrial commodities supplanted – also by means of colonial aggression – the products of non-industrialised countries, which were forced to specialise in primary production, leading to the concentration of industrial activities in Great Britain. In his notebooks, Marx collected data on the ‘peaceful’ or openly colonial expansion of British and Western European trade in America, Africa, the Middle East and Asia: from Persia to India, from Afghanistan to China, from Burma to Indochina and Japan; these data embraced parts of Africa and Asia then little known by Europeans (*MEGA*² IV/6: 326–7). Marx examined, for example, the social consequences of ‘the progressive expansion, due to their greater competitiveness, of British cotton commodities in India, the interior of Asia and almost all Turkish provinces’ (*MEGA*² IV/6: 318). As he discussed in his *New York Daily Tribune* articles in the 1850s, this expansion put the internal trade between Persia and India to an end, and led to drastic reductions in domestic production and continuous increases in imports from Britain, causing a dramatic impoverishment of the populations.

Like Gülich, Marx had a dynamic perception of the British presence in Asia. The British took advantage of their growing Indian dominions to expand into the rest of the continent. While, initially, Britain and India exported to China large amounts of precious metals, silver in particular, the opium trade determined an inversion of their balance of trade. China was one of the world’s leading economies at least until 1820 when, as a result of its increasing imports of opium, the balance of trade shifted in favour of Great Britain. The latter exploited its colonial possessions in India in order to produce and illegally export the drug to the ‘Celestial Empire’, where it had devastating effects on the population and created a financial crisis by draining the state of its circulating silver (Chesneaux, Bastid and Bergère 1977: 42–3). Marx notes that after 1836, when the monopoly of the East Indian Company was repealed and the trade with Asia opened to private capital, an increasing amount of capital was invested for cultivation in India (*MEGA*² IV/6: 568). The main problems India was facing were the condition of agriculture, low wages (that were only apparently so low because of low productivity, *MEGA*² IV/6: 569), underdeveloped tools and fertilisers, and very poor preparation of products for the market. Political relations, moreover, had become very unfavourable: the Afghan wars, and even more so the China wars, had been extremely harmful to Indian finances, which were mainly paid for through the land tax, thus affecting the agricultural population. The destruction of Indian textile manufacturers, moreover, resulted in a dramatic depopulation of the country (*MEGA*² IV/6: 568–72).

The Opium Wars (1839–42, 1856–8 and 1859–60) marked a qualitative change in the Western penetration of China, which was subsequently subjected to open military aggression, first by Britain alone, and then by the subsequent

competitive collaboration of the European powers, the United States and Japan. These military and economic attacks – **with their imposition of 'unequal treaties'**, territorial 'concessions' and enormous war indemnities paid for by indebting the Chinese Empire, and with the subsequent penetration of Western capital – led to the progressive impoverishment of the population and to what the Chinese call 'the century of humiliations' (Chesneaux, Bastid and Bergère 1977: 42–3, 86–7; Fenby 2008: xxxi). Marx elaborated the materials he collected in these notebooks in his early 1850s articles on China published in the *Neue Rheinische Zeitung* and the *New York Daily Tribune* (MEGA² IV/6: 327). At the time, he deemed an opening of the Chinese economy and its subjugation by the West to be probable. Some years later, however, he changed his mind and acknowledged the resistance of Chinese society to Western expansionism (see Chapter 5 in this book).

Marx's notebooks from Gülich offer an extensive reconstruction of the main stages of the process of 'primitive accumulation' and of industrial accumulation *tout court* that he presented systematically in *Capital* (see Chapter 5.6 in this book). British commercial, financial and colonial expansion implied an extension of capital's field of action and, with it, an expansion of the working population. Significantly, Marx collected data on working conditions in the colonies and compared wage levels in various countries like, for example, Britain and India (MEGA² IV/6: 79). According to Gülich, the Industrial Revolution was pushing the 'cost of labour' in England down to Indian levels (MEGA² IV/6: 563). Indian and Irish farmers shared a similar condition of extreme poverty: a comparison that is often drawn also in Marx's writings. Marx, moreover, collected a huge amount of materials on the link between market expansion and crises of overproduction; in his *Statistics News* he summarised data on the 1825 and 1836 crises (MEGA² IV/6: 974ff.). Foreign market expansion appeared to be a temporary solution to the growing contradictions of the capitalist mode of production: with such an expansion, in fact, the risk and extent of new crises increased as well.

3.7 Capitalism, world market and revolution

Marx's and Engels's studies in Brussels and Manchester laid the basis for the genesis of scientific communism, first presented in several works and pamphlets in 1847–8 such as *The Poverty of Philosophy* (1847), *Wage Labour and Capital* (1847–9), *Discourse on Free Trade* (1848) and the *Communist Manifesto* (1848). *The Poverty of Philosophy* was the first exposition of the materialistic conception of history, always considered by Marx as an integral part of his scientific work. It offered an overall view of the origins, development and contradictions of capitalism, openly advocating the overthrow of the bourgeoisie by the proletariat (Mandel 1972: 53). Despite some anticipations in the draft article on List and in *The German Ideology*, in *The Poverty of Philosophy* Marx for the first time explicitly recognised the validity of the labour theory of value. He described the central role played by colonialism in the development of the world market

and manufacturing (CW6: 185–7).¹⁹ Criticising the classical economists, moreover, he presented capital as a historically determined and transitory social relation based on exploitation both *within* and *between* nations. Consistently with his previous studies, in his 1847 notes on ‘Wages’ Marx maintained a theory of impoverishment both absolute and relative (Mandel 1972: 59), identifying ‘a double fall in wages’ in the course of development: a ‘relative’ fall, proportional ‘to the development of general wealth’, and an ‘absolute’ fall, due to the decrease in ‘the quantity of commodities which the worker receives in exchange’ (CW6: 426). Marx’s substantial adherence to the iron law of wages and to the quantity theory of money (CW6: 144–52), however, impeded a real understanding of international processes.

In his *Discourse on Free Trade*, Marx defined the protectionist system as a means to develop large-scale industry, which then begins to depend on free trade and the export of capital to the colonies, which he described as instruments of exploitation tending to expand to the entire planet a division between town and country. The international division of labour, in Marx’s view, did not depend on natural characteristics of specific countries or people, but on the process of capital accumulation. Even though he had not developed the theoretical tools for understanding this relation, he traced a link between labour exploitation and the mechanisms through which ‘one nation can grow rich at the expense of another’, arguing that ‘every one of the destructive phenomena to which unlimited competition gives rise within any one nation is reproduced in more gigantic proportions in the market of the world’ (CW6: 464–5).²⁰ Nevertheless, and despite his opposition to the attempts of landowners and industrialists to bring the proletariat on their side in the fight around the Corn Laws, Marx affirmed the progressive nature of free trade. On the basis of the iron law of wages, in fact, he believed that free trade would hasten social antagonisms in industrialised countries.

In the *Manifesto* Marx and Engels argued that foreign market expansion made it possible to overcome crises of overproduction only temporarily, and enhanced the scope of new crises. Although they admitted the possibility that wages could fluctuate depending on the economic conjuncture (Mandel 1972: 58), they believed that wages tended to diminish in absolute terms because of the increase in the prices of necessary commodities. The inevitable growth of pauperism would equalise the situation of the proletariat in all industrialised countries. Since workers’ mobilisations could not obtain meaningful results or halt this tendency, they would grow into a struggle for the abolition of capitalism as such. Proletarian struggles were national only in their form, not in their substance, and could lead to the emancipation of humanity as a whole.

Famous passages from the *Manifesto* describe how, by improving means of production and communication, the bourgeoisie

draws all, even the most barbarian, nations into civilisation. The cheap prices of commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians’ intensely obstinate hatred

of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst, i.e. to become bourgeois themselves. In one word, it creates a world after its own image.

(CW6: 488)

This apparent celebration of the civilising function of the bourgeoisie – generally assumed as evidence of Marx's and Engels's Eurocentrism – aimed at expressing the strident contradictions of capitalism, whose development, while generating exploitation within and between nations, allowed for a growth of the productive forces and provided the proletariat with the weapons for its supersession. In the *Manifesto*, however, Marx and Engels described the contradictory achievements of bourgeois 'civilisation' only with regard to Western Europe, not to colonised countries. They believed, in fact, that the condition for the emancipation of the proletariat was their united action in the 'leading civilised countries'. The end of the exploitation of one individual by another would have put an end also to the 'exploitation of one nation by another'. With class antagonisms, international antagonisms were also to disappear (CW6: 503).

In their speeches in London for the seventeenth anniversary of the Polish insurrection (29 November 1847), Marx and Engels for the first time integrated the national question into their programme, and argued that Polish independence depended on the outcome of the imminent proletarian revolution: it was in England that Poland had to be freed (Fernbach 2010: 49).²¹ In the *Manifesto*, they did not recognise colonised peoples as political actors, up to the point that, in some writings, Engels justified colonisation as a condition for the victory of social revolution.²² This does not mean, however, that they considered colonialism as beneficial and progressive as such or assumed that the rest of the world would have followed the West (Anderson 2010: 8). As we have seen, in the light of his view of capitalist uneven and combined development, Marx had already criticised unilinear visions of history in the early 1840s. While bourgeois celebrations of civilisation justified and/or supported colonialism as a means of capital reproduction, moreover, for Marx and Engels civilisation consisted of the socialisation of labour and the creation of the necessary conditions for the imminent social revolution. These political considerations, generally ignored in postcolonial critiques (Ahmad 1992: 222), are central for assessing strengths and weaknesses of their internationalist position at the time.

In the wake of the economic crisis that started in 1847, at the beginning of 1848 the revolution finally erupted in Europe, setting the political order established at the Congress of Vienna ablaze.²³ The revolution flared up in ongoing waves from one country to another, proving that internationalism was not just an ideal, but a matter-of-fact social force (Draper 1978: 242). Banished from Belgium, Marx, to whom the central committee of the Communist League had given full powers, moved to Paris, and then to Cologne. There he founded the *Neue Rheinische Zeitung – Organ der Demokratie* ('Organ of the Democracy'),

a newspaper supporting the unification of Germany and providing a focal point for the German workers' societies in the unfolding revolutionary struggle. Marx dissolved the Communist League with the aim of extending in various local situations the constitutional-democratic revolution that he deemed to be the premise for the social revolution. According to Marx's and Engels's conception of permanent revolution at the time, in fact, the revolutionary process had to go through a bourgeois stage, laying the material and political conditions for the proletarian revolution that would *immediately* follow. The working class, therefore, had to form a *temporary* alliance with the revolutionary bourgeoisie in the fight against feudalism and absolutism, pushing it beyond its bourgeois limits (Draper 1978: 196; Fernbach 2010: 36).²⁴

As chief editors of the *Neue Rheinische Zeitung*, Marx and Engels (and the latter in particular) developed their politics on the national question further. This took the form of the theory of the 'great historic nations': Germany, Hungary, Poland and Italy were the four European nations that could proceed successfully to the formation of independent nation-states. In Central and Eastern Europe nationalism and democracy proceeded hand in hand, since national revolutions could win only by breaking away from the Austrian Empire and by setting up a barrier against the intervention of Czarist Russia, the centre of European reaction, then presented as a 'barbaric' power opposed to European civilisation.²⁵ Although Engels had initially supported, albeit in vague formulas, the liberation of the Slavic peoples from the Austro-Hungarian Empire (*CW*6: 530–6), the counter-revolutionary position of the Slavic nationalist parties after 1848 led him to speak of 'counter-revolutionary peoples', of 'remnants' of peoples that became 'fanatical' representatives of a backward march of development, whose real direction was from the East to the West (*CW*8: 234). Explicitly referring to Hegel's philosophy of history, Engels described as 'without history' those peoples that, not having formed strong states in the past, did not have the power to acquire political independence: all Slavic peoples in the Austrian-Hungarian Empire with the exception of the Poles (i.e. Czechs, Slovaks, Slovenes, Croats, Serbs, Ukrainians and Romanians).

For David Fernbach (2010: 52), the theory of the four 'great historic nations' and the corresponding dismissal of the Slavic national question express the limits of Marx's and Engels's national policy at the time. In Rosdolsky's view (1986: 60, 130), the theory of the 'non-historic peoples' depended on their excessive revolutionary optimism, which made them abandon their materialistic approach in the analysis of the situation of the Slavic peoples and of their own allies, which included the Polish and Hungarian nobility.²⁶ It was certainly true that, in the absence of a national bourgeoisie and proletariat, these movements could not build their own state without becoming vassals of Czarism. This explains why, in his article 'Democratic Panslavism' (15 February 1849), the same article in which he celebrated that 'splendid California' had been taken away 'from the lazy Mexicans' (*CW*8: 365), Engels called on the Slavs to abandon their nationality and join the revolution. This call may have made political sense given the links between Russia and Pan-Slavism, but it ignored the social roots of the

Slavic national awakening. In Rosdolsky's view, a revolutionary leadership in Western Europe could have attracted the peasant masses in these countries rebelling against the nobility and feudalism, leading them to abandon their separatist position (1986: 151). But this did not happen, and they effectively became an instrument of the counter-revolution.

The repression in the wake of the June insurrection in Paris signalled the advance of the counter-revolutionary forces that rapidly extended their action, with the help of Czarist Russia, beyond Prussia and the Austro-Hungarian Empire, finally culminating in the *coup d'état* of Louis Bonaparte in France. The spectre of communism, which had appeared concretely in Europe after the June insurrection, pushed all exploiting classes on the side of the reaction, which found support in Czarist Russia and in the Slavic nationalist parties. The social revolution was halted, and the communist groups were systematically repressed. In his article 'The Revolutionary Movement' (1 January 1849), Marx wrote that 'the defeat of the working class in France and the victory of the French bourgeoisie was the victory of the East over the West, the defeat of civilisation by barbarism' (*CW*8: 214). The revolutionary upheaval had also been weakened by the lack of radicalisation in England, the world hegemonic power, without which any social revolution on the continent could be only 'a storm in a teacup'. In Cologne, the 1852 trial against members of the central committee of the International Communist League led them to disband it. Marx and Engels ceased direct political involvement, and reconstructed the history of the failed revolution in *The Class Struggles in France* (1850), *The Eighteenth Brumaire of Louis Bonaparte* (1852), *Revelations Concerning the Communist Trial in Cologne* (1853) and in *Revolution and Counter-Revolution in Germany* (1851–2).

Notes

- 1 Moses Hess wrote of a European revolutionary 'Triarchy' composed of France, Great Britain and Germany (Kouvelakis 2003: 121–66).
- 2 The *Economic and Philosophic Manuscripts*, based on the notebooks published in *MEGA*² IV/2, were probably written between June and August 1844. *MEGA*² IV/3 presents Marx's following studies in Paris until the summer of 1845. The editors of *MEGA*² IV/3 believe that he summarised David Ricardo and James Mill after writing the *Manuscripts* (*MEGA*² IV/3: 450). For a discussion, see Taubert (1978: 18) and Rojahn (1983: 31–3).
- 3 Schütz's *Grundsätze der National-Ökonomie* (1843), List's *The National System of Political Economy* (1841), and Oslander's *Enttäuschung des Publikums über die Interessen des Handels, der Industrie und der Landwirthschaft* (1842) and *Über den Handelsverkehr der Völker* (1840) (*MEGA*² IV/2: 503–48).
- 4 List had spent part of his life in the US, where he met members of the 'American School' such as Alexander Hamilton, Daniel Raymond, Matthew and Henry Carey (Szporluk 1988: 108–11). See also Snyder (1978).
- 5 The concept of productive powers was first formulated by Adam Müller, the reference point of the German reactionary romantic current that defended traditional relationships based on 'loyalty' and 'faith'. See Lütke (1935) and Eisermann (1956).

- 6 For List, 'because of the relationship between Britain and the torrid zones, the British consume on average 2 or 3 times more colonial commodities than the Germans, and 5–10 times more than the Poles' (*MEGA*² IV/2: 542).
- 7 On Buret's influence on Engels and Marx, see Vatin (2001).
- 8 To Sismondi goes the credit of introducing the word 'proletariat' into modern socio-economic literature, as representing 'a totally new being' (*MEGA*² IV/3: 124).
- 9 In *Théorie des lois civiles* (1767) Linguet had denounced the decay of civilisation, influencing the communist wing of the French Enlightenment (Levine 1987: 441).
- 10 In Pecchio's view, the worst ruled Italian states, such as Naples, had produced the most important political economists. Following the French, 'Lombard' economists, with the exception of Giammaria Ortes, were more precise, fast and experienced but less original; in Neapolitan writers there was confusion, prolixity, redundancy, but also a national character and originality (*MEGA*² IV/3: 400–3).
- 11 Engels too had planned to write a similar critique, and spoke about it in his Elberfeld lectures on 8 February and 15 February 1845.
- 12 For a discussion of List's contemporary relevance, see, in particular, Chang (2002) and Jomo and Reinert (2005). For a critical assessment, see Selwyn (2009) and Pradella (2014).
- 13 According to Alexander Gerschenkron, List's system was an attempt 'to translate the message of Saint-Simonism into a language that would be accepted in the German environment' (1962: 25).
- 14 For Ernest Mandel, 'it is after July 1845 and before finishing *The German Ideology* in the spring of 1846 that Marx and Engels were decisively won over to the labour theory of value' (1972: 46). The List article, however, was written earlier, in March 1845.
- 15 The term 'Verkehr' or 'Verkehrsform' is broader than the term 'relations of production', and refers approximately to communication, commerce or intercourse (Therborn 1976: 355, 368).
- 16 For Marx, the 'development of productive forces implies the actual empirical existence of men in their *world-historical*, instead of local, being' (*CWS*: 49).
- 17 The view of the family preceding the birth of the tribe recurs in *Capital* Volume 1. As Engels states in the third German edition, however, subsequent studies led Marx to the conclusion that the tribe was the 'primitive form' of human association (CI: 471 note, and Krader 1972). While for Heather Brown (2012: 43) Marx questioned the idea of the patriarchal origin of the family in the 1880s, in my opinion this probably happened already in 1852 (see Chapter 4 in this book).
- 18 In the Postface to the second German edition of *Capital* Volume 1, Marx argues that Gülich's work had 'presented the historical circumstances that prevented the development of the capitalist mode of production in Germany' (CI: 95).
- 19 On Marx's view of the relation between capitalism and slavery see *CW*6: 167–8, and his letter to Annenkov of 28 December 1846 (*CW*38: 95).
- 20 See also Marx's letter to Engels, 3 June 1864 (*CW*41: 533).
- 21 The independence of Poland – divided, since 1795, between Prussia, Austria and Russia – was at the time a common demand of all democratic forces.
- 22 In an article published in the *Northern Star* on 22 January 1848, for example, Engels defined the conquest of Algeria 'as an important and fortunate fact for the progress of civilisation' (*CW*6: 471–2); in a previous article reviewing the progress of the movement in 1847, he argued that 'in *America* we have witnessed the conquest of Mexico and have rejoiced at it' (*CW*6: 527–8).
- 23 On 22 February, the popular uprising started in Paris. Two days after, Louis Philippe was deposed and the French republic proclaimed. On the same day, in London, the *Manifesto* was published in German, with no indication of the authors.
- 24 This conception was first elaborated by Engels in the spring of 1846 and, although it was never as clearly formulated by Marx, was then adopted by both after the outbreak of the revolution (Draper 1978: 176–201).

- 25 While Marx and Engels would abandon the Eurocentric character of this judgement, their aversion toward Russia at the time depended on the absence of any social movement there that could oppose the czar's role of bulwark of reaction.
- 26 Only after the repression of the revolution did the *Zeitung* argue that a peasants' war in Austria could help the revolution and the cause for Hungarian independence.

4 The London Notebooks, 1850–3

4.1 Introduction

Expelled from Germany and then from France, Marx settled in London in the summer of 1849, where he remained for the rest of his life. As was the case with many other refugees, his family suffered poverty in the first years of exile leading to the death of three of his children. Engels reluctantly decided to return to his ‘accursed commerce’. He started working in the English branch of his father’s firm and, as a result, could support Marx financially. London, the metropolis of capitalism and the centre of an expanding empire, was ‘a convenient vantage point for the observation of bourgeois society’, where Marx decided ‘to start again from the very beginning and to work carefully through the new material’ available at the British Museum (*Con*: 265). He wanted to understand how the 1847–8 crisis had been overcome by a new cycle of prosperity, which seemed to postpone indefinitely the outbreak of a new revolution in Europe.

Deeper analysis convinced him that the enormous economic and imperial expansion in the late 1840s had been among the major factors pulling Britain and Western Europe out of the crisis. The discovery of gold in Australia and California and the repeal of the Corn Laws had initiated a new industrial era, unique for the speed and scale of the growth of foreign trade and investment.¹ British legislation was made subordinate to the interests of manufacturing capitalists, willing to make England ‘the great manufacturing centre of an agricultural world’ (*CW*26: 296). British industry integrated entire countries and regions into its system of the division of labour (Wallerstein 1989: 150–7), mainly through capital investments, which laid the foundation for commodity export. The extreme pauperisation of the masses transformed highly populated colonies like Ireland, India and, albeit partially, China into a reserve of labour power, allowing capitalists to organise large-scale migration to other British colonies, which, since the abolition of slavery, were in dire need of workers (Emmer 1986). Thanks to the development of the means of transport, moreover, European emigration also grew considerably (Cottrell 1975: 1; Cairncross 1953: 3); and British colonisation spread to Australia and South Africa. In 1855 the British parliament permitted the formation of railway *corporations* giving free rein to the process of capital centralisation (Jenks 1963: 129–31, 235–7).

If a new revolutionary movement could only emerge as a consequence of a new crisis, Marx and Engels were convinced that such a movement was ‘just as certain as this crisis’ (*CW*10: 510) and that, under the hegemony of the proletariat alone, it could have pushed the fight against absolutism toward the defeat of capitalism itself (Draper 1978: 247–9). It was therefore necessary to provide the working class with the theoretical tools in view of the next favourable moment. Marx defined his studies in London as a ‘new beginning’, and claimed that his collaboration with the *New York Tribune* since 1851 had caused their ‘excessive fragmentation’ (*Con*: 265). For over ten years, in fact, Marx wrote articles on current events, including financial policy, economic crisis, colonialism in Asia, and Irish and Scottish agrarian conditions; he also followed the Crimean War, the Spanish Revolution and the American Civil War, without ceasing to publicise the living conditions and political struggles of the working class in several countries.² In reality, Marx thus gathered fundamental elements for his critique of political economy (Rosdolsky 1979: 6–7; Galander 1982; Krätke 2008a: 163).

His studies in London initiated a qualitatively new phase of his research, laying the premises for the formulation of the theory of surplus value. This chapter traces the most intense phase of his research, documented by the twenty-four London Notebooks: a unitary group of notebooks written between September 1850 and August 1853, and numbered by Marx himself. These shed light on the all-sided approach of his critique of political economy (Jahn and Noske 1979; Galander 1987a: 45). Although they do not follow a strict sequence, moreover, they do show some planning; a common thread emerges, in particular, on the question of capitalist globalisation. Marx’s deeper understanding of the contradictions of classical political economy, in fact, allowed him to lay the foundations for critically understanding capital as an organic relation.

In this chapter I trace the main phases of his research, which started from his study of the relation between money, credit and crisis (Section 2).³ This study led him to reject the quantity theory of money: a real *turning point*, which allowed Marx to elaborate the theories of value and surplus value starting from the developed division of labour on the world market. In the light of this critique, he then turned to the contradictions of Ricardo’s system as a whole, including his theory of comparative advantage (Section 3), wages (Section 4), rent (Section 5) and population (Section 6). Marx then widened his gaze to world history, investigating both the economic aspects of colonialism and the history of colonised countries before the conquest (Section 7). Along with natural sciences, Marx also studied technology, deepening his understanding of the capitalist character of machinery. He then turned to the banking system, feudalism and the history of literature, and also deepened his study of world history and the condition of women (Section 8). His last notebooks – written in the summer of 1853, and focused on the Indian question and the parliamentary debate on the East India Company Charter (Section 9) – were certainly linked to Marx’s journalistic activity, but also responded to a long-term, non-contingent interest in colonialism and pre-capitalist societies. They shed light on his sources and

approach, and also allow us to locate historically and geographically the social relations that Marx will later define as the Asiatic mode of production.

4.2 Rejecting the quantity theory of money (Notebooks 1–7)

In the first seven London Notebooks (September 1850–March 1851), Marx examined the then highly debated question of monetary and credit policy. At the time, it was widely thought that the main cause of the 1847–8 crisis lay in Peel's 1844 Bank Act, inspired by supporters of the Currency Principle such as Lord Overstone (the banker Samuel Jones-Loyd), Colonel Robert Torrens and William Clay. In the light of Ricardo's theory of money, these economists believed that, if bullion flowed into a country, national circulation was below its 'normal level' and banks had to issue an amount of paper money proportional to the amount of newly imported bullion, and vice versa. Linking the issue of paper money and credit to the inflow and outflow of precious metals, Peel's Bank Act worsened the 1847 crisis: as a consequence of the drain in bullion, it withdrew money from circulation just when the demand for it grew, adding an artificial panic to the monetary distress (*CW*15: 381–2; Arnhold 1979: 73–7). This explains why the Bank Act was momentarily suspended during the crisis. In *The Economist*, Marx came to know the criticisms raised by the Banking School to the Currency Principle, and, through extensive theoretical and historical research, he put in question the quantity theory of money.⁴ He summarised his studies in *Bullion: Das vollendete Geldsystem* (*MEGA*² IV/8: 3–74) and *Heft mit Exzerpten und Notizen* (ibid: 78–85), and elaborated them in the manuscript *Reflection* (ibid: 227–34). He then presented his conclusions in his article on the Bank Act (11 November 1857), in which he foresaw its imminent suspension (*CW*15: 379–84; Krätke 2008a: 163), and, more systematically, in *A Contribution to the Critique of Political Economy*.

As discussed in Chapter 1, in the sixteenth century gold and silver as international money were at the centre of the interest of states and of the then emerging political economy. In spite of its confusion between money and capital, the mercantile system was not a 'pure illusion', but expressed the at that time compelling objectives of trade and colonial expansion, and domestic industrialisation. In their critique of the system, classical political economists initially conceived of money as exchange value, starting from the axiom of the unity of sales and purchases. As metallic circulation was then the dominant form, they reduced metallic money to currency, and the currency to a mere sign of value. The prices of commodities thus seemed to depend on the volume of money in circulation, and not, vice versa, the volume of money in circulation on the prices of commodities (*Con*: 391). The quantity theory of money, first developed by the Italian economists of the seventeenth century, was both affirmed and denied by Locke (*MEGA*² IV/7: 500–5) and carried on by the *Spectator*, Montesquieu and David Hume (*MEGA*² IV/7: 496–9). Hume was its most authoritative representative in the eighteenth century.

For Hume, commodity prices in a country were determined by the amount of (real or symbolic) money located in it. Gold and silver were thus resolved into

circulating money, which represented all commodities within individual countries and in the world market as a whole. Hume did not recognise any special role for money in international exchange, where it only functioned as a means of circulation and flowed between nations as water did between vessels, seeking the same level in all countries (Hume [1777] 1987: 312). If the quantity of money increased within a country, commodity prices decreased, and vice versa. Gold and silver were not commodities and did not have any intrinsic value. Hume never spoke of the value of commodities and of money, but only of their relative quantity (*Con*: 395). Even if, in representing the value of commodities, gold and silver acquired a fictitious value, Hume did not investigate how they were exchanged for a given amount of commodities. His theory seemed credible because Hume only considered epochs of revolutionary changes in the value of the precious metal, like, for example, that following the ‘discovery’ of America, when an increase in commodity prices coincided with an increase in the quantity of metallic money (*Con*: 392).

James Steuart was the first political economist who criticised this theory in *An Inquiry into the Principles of Political Oeconomy* (Dublin, 1770), which Marx summarised on several occasions in his eighth notebook. In Marx’s view, despite his limited views on value, Steuart discovered the general laws of money circulation and identified its different functions as a means of purchase and payment, hoarding and world money. He also explained the difference between currency and money: since symbolic and credit money could replace precious metals only in domestic circulation, they were ‘money of society’, while gold and silver were ‘money of the world’. Classical economists, however, treated Steuart as a ‘dead dog’ (*Con*: 398). Although he implicitly accepted his theory, Smith did not mention him nor did he address the problem of the quantity of money: an omission that, for Marx, had become a dogma with Say (see Chapter 1 in this book).

In the nineteenth century, research on money was inspired by the phenomenon of paper money circulation. Ricardo based his theory of money on the labour theory of value, but he then relapsed into the quantity theory, arguing that any amount of noble metal serving as money had to become a means of circulation (metal or paper money). He thus maintained that, under ‘normal conditions of circulation’, the mass of money within a country was commensurate with its wealth and circulated according to its own costs of production (*MEGA*² IV/7: 316–18). The value of money was the same in all countries.⁵ Ricardo resolutely denied that real factors could cause balance of payments disequilibria, and he attributed them exclusively to monetary causes (Lapavitzas 1996: 68). In the case of disequilibrium, circulating gold rose above or fell below its own value, and the import and export of money ended up equating the monetary and real value of money. The international movement of money only took place to restore the equilibrium between national currencies. A superabundant circulation led to an unfavourable exchange rate, and vice versa. This logic always led to an equalisation between national circulation and exchange rates, restoring a ‘normal mass of circulation’ and making crises impossible. However, since in the case of an increase in the available bullion the value of money was restored at a slightly

lowered level globally, Ricardo advocated the use of paper money, the quantity of which could be managed so as to keep the value of money constant (Lapavistas 1996: 68). By isolating money as currency, for Marx, Ricardo ended up

by attributing to increases and decreases in the amount of precious metals an absolute influence on bourgeois economy such as was never imagined even in the superstitious concepts of the Monetary System. Ricardo, who declared that paper money is the most perfect form of money, was thus to become the prophet of the bullionists.

(Con: 415)

Ricardo's times, for Marx, were ill suited to observing the role of precious metals as world currency. Before the introduction of the Continental System, in fact, the balance of trade was almost constantly in favour of Britain, and Ricardo misunderstood the political function of the transfer of money to the European continent (Con: 409). In the *Grundrisse*, Marx affirms that only following the periods of monetary crisis in 1825, 1839, 1847 and 1857 did the function of gold as a means of international payment attract primary attention of the economists (G: 873), of exponents of the Banking Theory in particular.⁶ In London, Marx read *History of Prices, and of the State of the Circulation, from 1839 to 1847 Inclusive* (London, 1848) by Thomas Tooke, who, in his view, had reaffirmed Steuart's concrete conception of money even without knowing his writings. By tracing the history of commodity prices since 1793, Tooke questioned the causal relationship between prices and quantity of means of circulation, proving that, given a *stable* amount of precious metals, expansion and contraction of the means of circulation was always an effect, never a cause of price fluctuations. It was not the quantity of circulating money that determined commodity prices, but the sum of prices that determined the amount of money (MEGA² IV/7: 24, 46).

The functions of money, moreover, were not limited to that of means of circulation. They also included – as John Fullarton proved in *On the Regulation of Currencies* (London, 1844) – that of hoard, means of payment, means of credit and world money. The inflow of money in a country did not immediately result in an increase in the means of circulation, but could serve as hoard or reservoir. Payments, moreover, could follow imports: in international circulation money had a specific function of means of payment (MEGA² IV/7: 70). 'From the action of the hoarding of precious metals depends the whole economy of international payments between communities that circulate specie': a function that was ruled out by the currency hypothesis (MEGA² IV/7: 48). In Fullarton's view, under the convertible paper money and credit system, notes were issued on the basis of commercial loans linked to specific commercial needs; once the transaction was accomplished, the notes became superfluous and were returned to the issuers. Since *reflux* was the regulating principle of the internal currency, banks did not have the power to issue an excessive amount of banknotes (MEGA² IV/7: 44; see also Likitkijssomboon 2005: 165).

In his notebooks, Marx carefully studied trends in exchange rates and the difference between nominal and real exchange rates, the first referring to the metal, the second to the various currencies. William Blake's *Observations on the Principles which Regulate the Course of Exchange etc.* (London, 1810) provided extensive evidence against Ricardo's direct relation between exchange rate and circulating money: the international movement of money, in Blake's view, was always secondary; its roots laid in the international movement of commodities (*MEGA*² IV/7: 26*). This point opened the way to studying production relations at the international level, identifying the real factors operating on a country's balance of trade. Marx excerpted William T. Thornton's considerations on the possibility of trade imbalances, also due to speculation (*MEGA*² IV/7: 516–17), and his study of commercial credit (see also *MEGA*² IV/7: 78–81; Lapavitzas 1996: 75). He also made notes on James Wilson's argument that reductions in prices in England did not depend on the amount of circulating money, but on labour productivity increases (*MEGA*² IV/7: 351).

As Marx wrote to Engels in his letter of 3 February 1851,

even with a purely metallic currency, the quantity thereof, its expansion or contraction, has nothing to do with the outflow and inflow of precious metal, with the favourable or unfavourable balance of trade, with the favourable or unfavourable rate of exchange, except in the most extreme cases.

(*CW*38: 274–5)

These conclusions undermined Ricardo's theory of circulation and proved that crises did not depend on the amount of circulating money. The Banking Theory economists, however, identified the main cause of crises with the problem of capital glut. It was an accumulation of capital exceeding the scope of its productive employment that led to crises, and these then helped to establish a new equilibrium. This argument became a common prejudice in post-Ricardian political economy, when all economists admitted the phenomenon of over-accumulation, but not that of overproduction. For Marx, this argument represented progress because it presupposed capitalist production, and not simply commodity production (*CW*32: 128–30). Since a glut of capital corresponded to a glut of commodities, however, the Banking School admitted the existence of overproduction in one form but not in the other (*MEGA*² IV/8: 111). In periods of crisis, it was capital in form of money that was required. If Banking Theory economists had distinguished money as means of circulation (*currency*) and money as money (*money*), they ended up by interpreting the latter as capital, while de facto distinguishing it from capital (*G*: 872–6; *Con*: 416). Since they did not root their analysis in an examination of the specific forms of the capitalist mode of production, their distinction between the functions of money remained formal and a-historical, and flowed into the illusion that policies directed at solving the problem of capital glut could prevent crises.

In his manuscript *Reflection*, Marx questioned Smith's theory of reproduction, which presupposed equilibrium between sales and purchases, and a coincidence between money as a means of payment and money as a means of circulation. Under capitalism no equilibrium existed: the possibility of crisis was already present in simple circulation, in the contradiction between commodity and money. Thanks to his criticism of the quantity theory of money, Marx could now overcome the implicit national approach of the classics and start his analysis from the general circulation of commodities in the world market (*MEGA*² IV/8: 326). This allowed him to identify abstract, universal labour with the source of value and to isolate the real factors operating on a country's balance of trade, thus understanding the underlying causes of their relative wealth and power. Marx could now also conceptualise capital's universalising dynamics and its tendency toward crisis.

The trade between dealers and dealers in England, for example, is not limited by the trade between dealers and consumers in England, but, *plus ou moins*, by the trade between dealers and consumers in the world market as a whole. . . . If this trade is universal, it is limited by the trade between dealers and consumers on the world market, and the more so the longer the trade between dealers and dealers itself takes place on a large scale and the nation occupies an eminent position on the world market.

(*MEGA*² IV/8: 228–9)

While not embracing an underconsumptionist understanding of crises, and considering the possibility of an increase in luxury consumption, Marx argued that the ultimate limit of capitalist reproduction lay in the consumption capacity of the working class internationally.

Since the working class makes up the largest part of consumers, it could be said that in proportion as the income of the working class decreases, not in a country, like Proudhon maintains, but on the world market, so already the disproportion between production and consumption, i.e. over-production is caused.

(*MEGA*² IV/8: 229)

Criticising the Banking School's claim that crises depended on a glut of capital, not of currency, Marx maintained that, during crises, it was capital as commodity that could not be sold, impeding the conversion of commodities into money. Developing his early criticisms of socialists like Proudhon, who looked for causes and solutions to crises in the sphere of circulation, Marx questioned John Gray's proposal to solve the crisis by issuing 'labour-money'.⁷ The monetary system, he pointed out, was based on production relations: its genesis presupposed a high development of class antagonisms, which seemed to disappear in exchange relations, where there only appeared to be buyers and sellers, and qualitative differences dissolved into quantitative differences (*MEGA*² IV/8: 233).

Despite being more ancient than capital, ‘the money system as such [is] only pure once labour is freely exchanged for money, with the system of wage-labour’ (*MEGA*² IV/7: 252). In world crises, it was not the contradictions of money circulation that emerged but those of capitalism as a mode of production.

4.3 Questioning Ricardo’s system of political economy (Notebook 8)

In his seventh notebook Marx studied two editions of the *Wealth of Nations*: the 1828 edition by MacCulloch and the 1835–8 edition by Edward Gibbon Wakefield, the leader of the movement of the Colonial Reformers that developed in Britain from the 1830s (Winch 1965: 77–87, 90–9; Semmel 1978: 82–129). Wakefield sought to present the consequences of Smith’s work 60 years after its first publication, discussing, in particular, whether Ricardo solved Smith’s contradictions or brought them to a higher level. Like other economists, Wakefield criticised the labour theory of value for being unable to explain the origin of profit. His proposed ‘solution’, however, was based on the assumption that wages depended on labour supply and demand (*MEGA*² IV/8: 276). In the passages summarised by Marx, Wakefield addresses two main further issues: capital’s field of investment and Ricardo’s theory of diminishing returns. In his view, accumulation makes a continuous expansion of capital’s ‘field of action’ necessary, which has to be achieved through free trade and colonisation. Because of imports of raw materials from more fertile countries, productivity gains and the impoverishment of primary producers, Ricardo’s law of diminishing returns was only rarely operative (*MEGA*² IV/8: 282). In his 1861–63 *Manuscript* Marx argues that, with these notes, Wakefield contributed to the dissolution of the Ricardian School; his questioning the view of capitalism as a closed national system, moreover, was a major contribution to the understanding of capital reproduction (*CW*32: 35, 371).

Through his critique of the quantity theory of money and his excerpts from Wakefield, Marx became more aware of Ricardo’s contradictions. In his eighth notebook, he thus focused on Ricardo’s *system* of political economy as such, summing up the third English edition of the *Principles* (1821), which he divided into thematic groups and commented on extensively. Significantly, Marx went back to studying Ricardo at every turning point of his elaboration (see Tuschscheerer 1968). In the section entitled ‘On value’, he identifies two main advances of Ricardo over Smith: recognising unlimited competition as the basis for the determination of value and identifying abstract labour with the source of the value of *all* commodities (*MEGA*² IV/8: 326). For Marx, if these achievements were made possible by the then complete development of capitalism and by Ricardo’s quantitative approach (*MEGA*² IV/8: 368–9), his qualitative analysis was limited by his class position, which led him to treat the economic categories as immediate and a-historical. In his notebook, Marx focuses on the relation between use value and exchange value – the latter the real driving force of capitalist accumulation (*MEGA*² IV/8: 364) – and on Ricardo’s difficulty in explaining the origin of surplus

value. Marx here explicitly distinguished for the first time the value of the wage from the value produced by workers (*MEGA*² IV/8: 413–14).

In this light, in the section ‘Foreign trade and exchange value’, Marx dealt with the theory of foreign trade. His criticism of the quantity theory of money allowed him radically to put into question Ricardo’s theory of comparative advantage (*MEGA*² IV/8: 382). Discussing the possibility of value increases through foreign trade, Marx argued that the thesis that foreign trade only allows for increases in use values was unpersuasive: it ignored, in fact, that valorisation is the main objective of capital and also the historical evidence that a nation can get rich at the expense of another, as in the case of the Netherlands (*MEGA*² IV/8: 371).

Ricardo here assumes that the value which we will bring back must be immediately spent, exchanged in the country itself, and it is thus limited by the values that are present in it. But we accumulate, like all trading nations have done: gold and hoarding, for example, when we find no direct equivalent for the bigger values that we bring back. Otherwise, the general sentence would indeed be correct: we can create no new value, only use value, because the new value is determined by the present products of labour, and labour is measured by the already present value, with which it must exchange itself. The value which is present could never be increased.

(*MEGA*² IV/8: 370)

Assuming that the increase in exchange value is the driving force behind foreign trade, Marx asked himself how such an increase takes place and how the value obtained is used, without giving, however, a satisfactory answer. With regard to the first question, making abstraction from theft and direct looting, the solution was, in his view, the ability to import more in terms of labour time than what was exported. The impossibility of *increasing* the amount of value through exchange did not exclude the possibility of *receiving* a bigger amount of value through it. This happened, in his view, because the development of productive forces was not uniform: capitalists tended to increase productivity to get extra profits that persisted as long as they maintained a competitive advantage.

In order to increase this exchange value there is – apart from mutual swindles – no other means than to reproduce product, to produce more. In order to achieve this plus-production, the forces of production must be increased. But in the same proportion as the productive forces of a given quantity of labour are increased – of a given amount of capital and labour – the exchange value of the products fall and a duplicated production has the same value as the half of it used to have. Even if we do not take into account the depreciation ... if this happens evenly, the value would never change, and the whole stimulus to bourgeois production would cease. To the extent that it happens unevenly, every kind of collision occurs, but at the same time bourgeois progress occurs.

(*MEGA*² IV/8: 364)

This argument, as we shall see in the next chapter, will prove to be central in explaining the origin of surplus profits from foreign trade. With regard to the second question – about the use of the thus accumulated values – Marx introduced a hypothesis that he then developed in his later work: the possibility of initiating extended reproduction.

With the new value, I can call new work into life and, therefore, new values against which I exchange gradually reproducing. I can exploit what before had no value, as I make it an object of exchange. I can send back abroad a part of it and I can exchange the other part for the same value, that I have exported with profit. In this way a trading nation can get rich. And I maybe import, in terms of labour time, more than what I have exported.

(MEGA² IV/8: 371)

In the section ‘Influence of colonial trade on prices’, Marx excerpted various passages in which Ricardo mentioned, without deepening his analysis, the benefits obtained by England from colonial trade (MEGA² IV/8: 382–3). He thus reflected on the rationale of protective tariffs for less developed countries, asking himself whether ‘it does not follow that a nation is right in first introducing machinery through protective duties, in order not continuously to exchange 2 [working] days against one day of another nation?’ (MEGA² IV/8: 385). Marx was also interested in Ricardo’s passages on international wage differentials and on the influence of trade on profits. He excerpted, without commenting, Ricardo’s thesis that foreign trade has no influence on the rate of profit. As we shall see, he returned to this question in the *Grundrisse* and in the 1861–63 *Manuscript*. Marx then criticised again the classical theory of reproduction, arguing that the disproportion between production and consumption pushes capital continuously to extend foreign markets and to expand to the entire globe (MEGA² IV/8: 417).

Marx then turned to study the mercantilists, and read Antonio Serra in the original Italian (MEGA² IV/8: 396–9).⁸ He also summarised Steuart’s *Inquiry into the Principles of Political Oeconomy*, whose merit consisted in having identified increases in productivity as a source of profit and in having argued that, in the commercial sphere, there is merely redistribution, not creation of value. Marx was also interested in his rich historical documentation on the processes of so-called primitive accumulation, the history of money and credit, and the theory of population (see Section 5 in this chapter).

4.4 Undermining the wage-fund theory (Notebooks 11 and 12)

Notebooks 11 and 12 allow us to trace Marx’s studies of the condition of the working class and his critique of the wage-fund theory, the latter a topic that has been almost completely neglected by economic historians (see Lapides 1998: 199). Marx summarised the works of several, contrasting, currents that had led

to the dissolution of the Ricardian School. As discussed in Chapter 1, Ricardo had presented wage and profit as shares of newly created value, thus laying the premises for the concept of *relative* wage. He then ended up, however, by affirming the validity of the theory of compensation, according to which workers and their means of subsistence remain on the market even when they are replaced by machines. Wages thus appeared to be determined by a fixed fund for workers' consumption, the so-called wage-fund, and to be dependent on capital. Their movement was ruled by the law of diminishing returns: population tended to increase in relation to cultivable land, pushing down wages toward the physical minimum. Workers could change how the fund was distributed, but not increase it. Union gains could only damage less organised workers, depriving them of a part of their fund.

The influence of the wage-fund theory reached a peak between 1820 and 1870.⁹ Economists such as Thomas R. Malthus, James Mill, John Ramsey MacCulloch, Jeremy Bentham, Jelinger C. Symons and Samuel Laing used it to present variable capital as a fixed magnitude and to oppose workers' demands (CI: 758–9). In the wake of the Industrial Revolution, adult male workers were replaced by women and children, and the restraints on increasing exploitation that had existed in the manufacturing period were broken down. The working day was lengthened beyond any limit, and real wages pushed down (*MEGA*² IV/7: 75). This gave rise to a reaction by the working class and to intensified social conflicts. It was with the repeal of the Combination Acts in 1824 and the first factory legislation in 1834 that the wage-fund theory became orthodoxy. For Marx, such theory was the epitome of vulgar political economy: it hid existing economic relations with the purpose of disarming the working class. Since the class struggle had revealed that the length of the working day and wage levels represented relations between classes, economists like Malthus hushed up the contradictory nature of wages and only focused on their quantity (*G*: 597).

In his notebooks, Marx took notes on positions both for and against the limitation of the working day, and emphasised the anti-worker content of the wage-fund theory. According to Nassau Senior, for example, the wage rates depended on the relation between the wage fund and the number of workers to be maintained (*MEGA*² IV/9: 16), and in every nation, said the author of *Hints on Wages*, the wage fund corresponded to the amount of the product of the soil (*MEGA*² IV/9: 18). '**Profits** – Jelinger C. Symons sustained in his *Outlines of Popular Economy* (London, 1840) – **are the increases of wealth, and the only sources of wages, and it is alone eventually by increasing these that wages are increased, and by diminishing them that wages are diminished**' (*MEGA*² IV/9: 80). In Marx's eyes, Senior had allowed himself to be fooled by the manufacturers when he argued that 'fixed' capital increases reduced the scope for profit and impeded any reduction in working time (*MEGA*² IV/9: 24). The wage-fund theory also ignored the effects of emigration that, according to Laing, absorbed about a quarter of the annual growth of the British population in the 1840s (*MEGA*² IV/9: 76), resulting in a waste of

men and natural fertiliser for the soil.¹⁰ The supporters of this theory presupposed, Marx commented, that capital remained the same even with a decreasing population (*MEGA*² IV/9: 77), thus ignoring the fact that, as Thomas Hopkins argued in *On Rent of Land and its Influence on Subsistence and Population* (London, 1828), a reduction in the working population was synonymous with a reduction in capital (*MEGA*² IV/9: 158).

In the 1820s a new current opposed the wage-fund theory, trying to draw favourable consequences for workers from the Ricardian labour theory of value. In Notebook 9 Marx for the first time summarised Thomas Hodgskin's and Piercy Ravenstone's¹¹ critiques of Ricardo, who had claimed, on the one side, that labour was the only source of wealth but, on the other side, that wages had to be kept as low as possible, condemning workers to poverty and insecurity (*MEGA*² IV/8: 543, 560). In Marx's view, Hodgskin, the author of *Labour Defended against the Claims of Capital, or, the Unproductiveness of Capital Proved*, was 'one of the most significant modern English political economists' (*MEGA*² IV/9: 9–12; *CW*34: 407). His pamphlet – published anonymously in London in 1825, the year after the repeal of the Combination Acts – sought to justify not only strike actions but also the claim that all the products of labour had to belong to the workers (Lapides 1998: 104). For Hodgskin, profit derived entirely from labour. He divided capital into 'fixed' and 'circulating' (what Marx later called 'constant' and 'variable' capital): the first consisted of the labour accumulated in the means of production; the second was not the expression of a wage fund, but the product of cooperative labour (*MEGA*² IV/9: 9).¹² Everything consisted of cooperative labour; capital was just an unproductive, oppressive and exploitative force. The very foundation of the wage-fund theory – that wages depended on a given amount of capital – was thus revealed as an illusion (*CW*32: 394).

In the twelfth notebook Marx excerpts another anonymous pamphlet, *The Source and Remedy of the National Difficulties etc.*, attributed to Charles W. Dilke and published in 1821. Dilke defined profit, interest and rent as 'interest' and reduced them to their common essence: surplus labour, labour appropriated without equivalent (*MEGA*² IV/9: 163–5). For Marx, Dilke was the first who enunciated this principle: both Smith and Ricardo had failed to do so (*CW*32: 374). The pamphleteer indicated two ways for capital to avoid returning to workers the fruits of their work: the transformation of surplus value into 'fixed' capital and investment in foreign trade. He criticised the idea that wages depended on the quantity of produced means of subsistence, because it presupposed that such means necessarily needed to be consumed by their producers. Since mechanisation made an increasing part of the working population redundant, however, a growing proportion of accumulated capital was not exchanged for labour, but for capital (mainly through foreign trade, including luxury trade). Although Dilke accepted Ricardo's theory of foreign trade, his considerations had a central role in undermining the classical theory of reproduction. Dilke noted, in particular, that not only nationally produced value but also surplus value were realised in foreign trade, thus making it possible to understand that 'it

is foreign trade which develops its [the surplus value's] real nature as value by developing the labour embodied in it as social labour [...]' (CW32: 387–8; see Chapter 5.6 in this book).

In Marx's eyes, the Ricardian socialists played a crucial role in the history of political economy as they began to represent the interests of the working class on a theoretical plane. Because of the still limited development of the working class at the time, however, they did not understand its historical role nor did they question the underlying assumptions of Ricardo's theory. Dilke proposed raising wages as a 'remedy for the plight of our nation', and reducing the amount of labour appropriated by capital; nevertheless, he questioned the very concept of capitalist wealth, arguing that real wealth is free time, time at one's disposal (CW32: 388–91). The Ricardian socialists, moreover, transmitted to the unions, then in the making, a confidence in the rightness of their claims. In his notebooks, Marx collected a large amount of documentary material on the situation of the working class, the unions and the factory legislation between 1802 and 1847, when the ten-hour day was obtained. He annotated some passages from the *Second Report of the Commission on Machines*, according to which, taking into account its productivity, 'labour' in England was cheaper than in any other country in Europe. In *Arts and Artisans at Home and Abroad* (Edinburgh, 1839), Symons argued that industrial workers in England were paid at least one-sixth more than those on the continent and the pay gap decreased with unionisation levels; agricultural wages did not vary greatly from country to country, while those of the handloom weavers in England were even lower than on the continent (MEGA² IV/7: 89). In *Character, Object, and Effects of Trades' Unions* (London, 1834), Edward C. Tufnell contradictorily claimed that wages were determined by competition but could be stabilised by unionisation (MEGA² IV/9: 38). These studies had a crucial role in Marx's elaboration, as they allowed him to reject the iron law of wages and the corresponding view of the economic futility of unions.

4.5 Challenging Ricardo's theory of rent (Notebook 12)

In his twelfth notebook, written in the summer of 1851, Marx focused on Ricardo's theory of rent (Stude and Winkler 1982).¹³ This theory, as we have seen, was another backbone of the wage-fund theory and had a fundamental place within Ricardo's system, in which it explained the tendency of the rate of profit to fall (MEGA² IV/8: 385–9; 409–11). Marx questioned two fundamental elements of Ricardo's theory of rent: the theory of diminishing returns and the thesis of the non-existence of absolute rent. If Ricardo had taken a decisive step forward by developing the theory of rent on the basis of the labour theory of value (see MEGA² IV/8: 351), Marx now understood that the extension of agricultural production did not necessarily lead to the cultivation of the worst plots of land. His studies of William Jacob and *The Economist* in the fourth London Notebook showed that technological development allowed for agricultural improvements (MEGA² IV/7: 305). Significantly, as Marx

wrote in his eighth notebook, Ricardo himself considered this possibility (*MEGA*² IV/8: 353), without drawing, however, the conclusion that the cultivation of worse plots of land did not explain continuous increases in rents.¹⁴

In his tenth London Notebook, Marx summarised almost all the works by the US economist Henry Carey, who sought to overturn the theory of diminishing returns and, with it, Ricardo's system as a whole (see Chapter 5.2 in this book).¹⁵ Originally a free trader, around 1843 Carey turned to protectionism as a means of supporting domestic manufacturing. He criticised Ricardo for having expressed the antagonism between capital and labour. He denied the existence of this antagonism nationally and presented a harmonious model that, in Marx's eyes, expressed in abstract form the specific relations existing in the US. For Carey, capitalist development led to the cultivation of increasingly better plots of land (*MEGA*² IV/8: 740), which could be accessed by colonising both low and densely populated areas, like the American continent and India (*MEGA*² IV/8: 750). In his 1861–63 *Manuscript* Marx argues that, indeed, in the case of colonisation Ricardo's theory of diminishing returns was completely arbitrary and, *on this point*, Carey's objections were justified (*CW*32: 526). But Carey drew the conclusion that wages could increase (*MEGA*² IV/8: 699, 705–12), and a harmony existed between landlords and tenants, capitalists and workers, planters and slaves: the only disturbing factor was British industrial monopoly, which had to be eliminated by forcing Britain to produce primary products on its own soil (*MEGA*² IV/8: 751).

Marx also studied Carey's *Essay on the Rate of Wages: With an Examination of the Causes of the Differences in the Condition of the Labouring Population throughout the World* (Philadelphia, 1835) (*MEGA*² IV/8: 672–81, 684–7). He excerpted, in particular, Carey's attempts at comparing real wages in England, the US, Holland, France, India and China. 'According to **Colonel Munro** the **average price of agricultural labour** in the "**Ceded Districts**" circa **5s. per month** or **2d. per day**.' Marx excerpted data on wage levels in the production of indigo and rice prices in the interior, and summarised a report on wages in Calcutta.

At these prices, assumed **wages** to be **3.5 rupees per month**, it would **require the labour of 2.5 months to obtain 480 pounds of rice**, as much as in America through the labour of 11 days. In South India **rice** much higher and **a much larger amount of labour required to obtain the same quantity of food** (226). From **Timkowski (Russian mission to China)** takes up a pricelist of Beijing.

Marx criticises these estimates: 'Calculated that the French workers 2X the Chinese; he himself accidentally confesses that he knows nothing of China' (*MEGA*² IV/8: 685).¹⁶

In his twelfth notebook, Marx read various economists who contributed to developing the differential theory of rent, starting with James Anderson who,

despite not having presented it systematically, was its real discoverer in the late eighteenth century.¹⁷ Anderson was an agrarian capitalist supporting protection of agricultural production in England as a condition for agricultural and industrial development. He gave various suggestions for improving agricultural productivity, which he saw as a unity of natural and artificial fertility. Significantly for Marx, the discoverer of the differential theory of rent did not link it to diminishing returns, but sustained the possibility of increasing productivity even in the worst plots of land. Although Ricardo had not read Anderson and had discovered the differential theory of rent independently, Marx had no doubt that Malthus had copied Anderson without citing him and reversed his analysis. In *Price of Corn and Wages of Labour* (London, 1826), Edward West questioned the close relation sustained by Smith, Ricardo and Malthus between ‘cost of labour’ and cost of corn: not only could investment increase agricultural productivity but production costs did not immediately depend on wage levels. Through the extension of foreign trade, moreover, England was becoming less and less dependent on a single market, compensating for losses in one country with gains in others (MEGA² IV/9: 152).

In this notebook, Marx also became aware of the second main problem of Ricardo’s theory of rent: failing to distinguish values and prices of production, Ricardo did not acknowledge the existence of an absolute rent. In *Economical Enquiries Relative to the Laws Which Regulate Rent, Profit, Wages and the Value of Money* (London, 1822), Thomas Hopkins examined this form of rent (which Marx will analyse for the first time in his 1861–63 *Manuscript*) and argued that it consisted of the fee obtained by the landlord for conferring the right to dispose of the land (MEGA² IV/9: 138–9). Hopkins, however, did not ground the theory of absolute rent in the labour theory of value, thus taking a step backward with respect to Ricardo.

In his notebooks, Marx also deepened his analysis of the consequences of the concentration of agricultural production for the working class and the land. In *Letters from the Highlands; Or, the Famine of 1847* (London, 1848), Robert Somers addressed a series of facts that had been completely ignored by the classics – such as the process of impoverishment, dispossession and emigration of the Highlanders – that Marx incorporated broadly in the chapter on ‘primitive accumulation’ in *Capital*. Somers also examined the ecological dimension of this process, which caused an overall impoverishment mainly resulting from the waste of soil and fertiliser due to the concentration of estates, from the waste of capital due to the over-consumption of absentee landowners and from the waste of labour (MEGA² IV/9: 169). Justus von Liebig,¹⁸ the founder of agricultural chemistry, had warned that the lack of reintegration of the alkaline substances lost through cropping depleted the soil, making the use of chemical fertilisers necessary (MEGA² IV/9: 202). Marx also summarised works by James F. W. Johnston, the ‘English Liebig’, starting with his *Lectures on Agricultural Chemistry and Geology* (London, 1847) dedicated to the formation of the earth and to the techniques for increasing fertility. Marx here used for the first time the concept of geological formation,

which is likely to be the origin of his concept of social formation (*Gesellschaftsformation*) (MEGA² IV/9: 288, 292–3, 312). In Liebig and Johnston, Marx found further evidence against the law of diminishing returns. Since this law functioned as the premise of the wage-fund theory and as the main cause of the tendency of the rate of profit to decline, its fall made the Ricardian system tremble even more.

4.6 Rejecting the theory of population (Notebook 13)

In the *Principles*, Ricardo had laid the premises for understanding that, under capitalism, technological development made a growing proportion of the working population redundant. As he did not develop his critique consistently, however, he ended up by reaffirming the validity of the theory of compensation and also of Malthus's theory of population (see Chapter 1.3.2 in this book). In his thirteenth Notebook of London Marx excerpted the first edition of Malthus's *Essay on Population* (1798), in which all the material he had copied from his precursors was more visible. If, as we discussed in Chapter 3, Marx and Engels had denounced Malthus's theory from the 1840s onwards, Marx could now question it further in the light of his critique of the theory of diminishing returns. In his notebooks, he highlights passages showing that Malthus's goal was to justify the existence of two separate classes, property owners and workers, condemning the latter to poverty, hard work and intellectual degradation (MEGA² IV/8: 313). Malthus had not been original either in the elaboration of the theory of differential rent or in that of the law of population, first developed by James Steuart. For Steuart, however, the law of population was historical and was not linked to agricultural productivity, which could grow and in fact generally grew in history. Malthus had copied, without citing, *A Dissertation on the Numbers of Mankind in Ancient and Modern Times* by Robert Wallace, according to which, since humanity doubled every 33.5 years, without natural disasters and wars the earth would have been overpopulated (MEGA² IV/9: 226).

Opponents of Malthus, commencing with Simon Gray, maintained that population does not progress in a regular, defined trend, but depending on circumstances, and that no evidence proved that food supply was lower than the demand for it.¹⁹ In Gray's view, on the contrary, an unusual abundance of food slowed down population growth, and food import and export also needed to be taken into account. Emigration from highly productive areas like Berwickshire – the first British county in which modern agricultural methods had been applied – proved that the regulation of subsistence was in mankind's power (MEGA² IV/9: 232). It was not true that the less populated the country, the higher the employment and the richer the population: in reality, the population tended to migrate from less toward more populated areas, e.g. from Scotland and Ireland to London, from Switzerland to France. The increase in population was the *root cause* of the growth of wealth (MEGA² IV/9: 233).

Marx then turned to social reformers who opposed the law of population, demanding policies in favour of the working class. In his essay *Overpopulation*

and its Remedy (1846), William T. Thornton advanced the hypothesis that overpopulation did not result from low agricultural productivity but from low industrial demand for labour. For Marx, Thornton had proven ‘that overpopulation stems from poverty and insufficient salaries’ (MEGA² IV/9: 238). Overpopulation could be defined as **‘a deficiency of employment for those who live by labour, or a redundancy of the labouring class above the number of persons that the fund applied for the remuneration of labour can maintain in comfort’** (MEGA² IV/9: 235). Investigating the causes of overpopulation in England, Thornton traced the history of the enclosures and of the legislation on manufacturers. For Marx, between the fifteenth and the sixteenth centuries ‘the English working class was precipitated without any transitional stages from its golden age to its iron age’ (CI: 879). The expropriation of the agricultural population in England, the Highlands and Ireland increased the number of available workers compared to employment possibilities, pushing wages down. Industrialisation then generated further overpopulation and poverty, and the latter, according to Thornton, led in its turn to population increases, which had to be limited by marriage restriction. While recognising the importance of Thornton’s study, Marx criticised this simplistic scheme: it was to prove ‘that the population in the whole nation was ever redundant with respect to the productive forces’ (MEGA² IV/8: 245–6).

The most radical critique of the law of population was formulated by Archibald Alison, a member of the Conservative Party, in *The Principles of Population, and their Connection with Human Happiness*, written in 1810 but published only in 1840 (MEGA² IV/9: 256–75).²⁰ For Alison, unlimited population growth had a civilising function – as in fertile regions like the Nile Delta, the Mesopotamian plain and Bengal. Economists had generalised the population growth rate proper to the two previous centuries in North America – where, since 1640, the population doubled every 33.5 years – and erroneously presented this as characteristic of mankind since ‘primitive’ times. For Alison, the tendency of the population to grow faster than available resources in a country only emerged when the limit to cultivation was reached. In his view, however, this was not the case in Britain: by cultivating its wastelands, Britain could maintain twice the number of its inhabitants. Colonisation, moreover, also allowed it to extend its territory in different regions in the world, imposing its ‘democratic principles’ over the ‘despotic countries of the East’ (MEGA² IV/9: 275). Globally, soil fertility was growing. For Marx, Alison had proven that overpopulation was not a matter of the natural productive forces of the soil, but of the means of exploiting them (MEGA² IV/9: 259), but then he himself affirmed the existence of a limit and the need to hinder population growth, confirming the validity of Malthus’s law of population in developed societies. Although Alison showed that the productive forces had the potential to feed a growing population, he justified the existence of institutions that caused an impoverishment of the majority of the world population.

4.7 Colonialism and pre-capitalist societies (Notebook 14)

In the fourteenth Notebook of London (August–September 1851) Marx turned to economists like Henry Brougham, Edward Gibbon Wakefield and Herman Merivale who sustained the necessity for industrial capital continuously to extend its field of action. Significantly, this study proceeded along with his materialistic investigation of pre-capitalist societies and world history (Menzel 1979; Wygodsky 1984; Galander 1987b). Marx inaugurates his fourteenth notebook with notes from *L'Économie Politique des Romains* (Paris, 1840) by Jules-Adolphe-César-Auguste Dureau de la Malle: a work on the economy, politics and culture of ancient Rome (MEGA² IV/9: 325–64). Focusing on the expansionism of the ancient slave states, aimed at tax collection and the recruitment of slaves, Marx excerpted Dureau de la Malle's considerations on the relation between territorial expansion, demographic trends and agricultural production. The Roman Empire could be preserved only by military force and continuous conquests, and maintained its unity through a differential system of rights (MEGA² IV/9: 354). Expansionism had a function of internal pacification: according to Dureau de la Malle, it was used systematically by the Romans for keeping busy and distracting their own people abroad, as – Marx adds – the British did with their continual conquest of new markets (MEGA² IV/9: 333).

Marx then turned to Arnold Hermann Ludwig Heeren's *Ideen über die Politik, den Verkehr und den Handel der vornehmsten Völker der alten Welt* (1824): a standard work of universal history of the time (MEGA² IV/9: 365–71, 454–60). Following a usual evolutionary scheme, Heeren started by presenting the family and the tribes, intrinsically characterised by despotic relations (MEGA² IV/9: 369–70); agriculture and sedentary life led to the development of cities, trade, and the division of labour, and these promoted the growth of the state and, with the 'discovery' of America, the formation of a world market. In this scheme, the West is opposed to the East, where religion and politics were not separated and the sovereign held absolute power (MEGA² IV/9: 366). In the first part of his work, Heeren deals with Asia, describing its history as stationary and despotic: the Persian kingdom was an example of 'Oriental despotism', as the sovereigns owned land and people, and held the judiciary power. Taxes (in kind or money) were the sovereign's private funds and were used for his own luxury and for realising public works, hydraulic works in particular (MEGA² IV/9: 458).

In *History of the Conquest of Mexico* (1843, 5th edn in 3 vols, London 1850) and *History of the Conquest of Peru* (1847, 4th edn in 3 vols, London 1850) the US historian William H. Prescott²¹ addressed issues related to the geography, production, politics, culture and religion of the Mexican and Andean civilisations, which he compared to those in Asia (Winkelmann 1988). Significantly, he delved into the history of the period before the conquest and identified the internal social factors that had made it possible, moving beyond a colonial scheme opposing 'civilised' and 'primitive' peoples.²² Prescott presented the 'Aztec monarchy'²³ as almost absolute, with princes living in 'Oriental' pomp and holding the main administrative roles along with a separate class of nobles.²⁴

Their ‘despotism’ and ‘tyranny of fanaticism’, for Prescott, was not comparable to the barbarism of the Inquisition (*MEGA*² IV/9: 410). Differently from Peru, moreover, in Mexico castes were absent and the establishment of justice courts, including a lower-rank judicial body chosen by the people, mitigated the sovereign’s despotism (*MEGA*² IV/9: 405, 423). In both empires, land was distributed among the population as their inalienable possession in exchange for tributes (*MEGA*² IV/9: 406–7, 420). At the end of the Aztec dynasty, however, taxes were so burdensome that riots constantly erupted against their collection (*MEGA*² IV/9: 407). Citizenship rights, moreover, were not extended to the conquered peoples (*MEGA*² IV/9: 415). The resulting widespread popular discontent was one of the main internal factors that allowed the Spanish conquest of Mexico. For Prescott, under the Inca Empire – in **‘striking contrast to his subsequent condition under the Spanish law’** (*MEGA*² IV/9: 423) – the organisation of public works was not detrimental to the workers’ health. Prescott described with admiration Inca buildings and public works (*MEGA*² IV/9: 428), resistant to the convulsions of the volcanic soil, which were then left to decay under the Spanish. These monuments – like those in China, India and Central America – were, however, signs of a limited artistic development (*MEGA*² IV/9: 432).

Marx then delved more specifically into the theory of colonisation. In *A View of the Art of Colonisation, with Present Reference to the British Empire* (London, 1849), Wakefield argued that colonisation was necessary also in the industrial phase for extending capital’s field of investment, increasing food and raw material supply, and creating migration opportunities for the ‘surplus’ population, thereby reducing the risk of revolutionary upheavals (*MEGA*² IV/9: 486). Abundant available land in the colonies, however, impeded the creation of a class of wage labourers, laying a barrier to investment. Setting an artificially high price for land could prevent workers from becoming farmers, thus securing a steady labour supply and cooperation without having recourse to slavery. Members of the National Colonization Society like John Stuart Mill, Robert Torrens and Herman Merivale supported Wakefield’s project. Merivale believed, however, that this ‘systematic colonisation’ was a means of solving two main contradictions of the system, overproduction and the falling rate of profit, but not overpopulation, which played a necessary role in industrial development.

In *Lectures on Colonization and Colonies, Delivered before the University of Oxford in 1839, 1840 and 1841* (2 vols, London, 1841 and 1842, in *MEGA*² IV/9: 435–53, 461–81), Merivale started by presenting a historical account of modern European colonisation. In his view, the Spaniards were conquerors rather than colonisers: the first extractive companies they established brutally exploited the Native Americans who were enslaved, subjected to the *repartimientos* system, distributed in *encomiendas* and maintained in a state of inferiority. Marx quoted Merivale’s considerations on the function of race in determining the place of individuals in society, on caste pride, the role of the Church and the ‘laziness’ of the Native Americans (*MEGA*² IV/9: 438).²⁵ The British replaced, by direct or indirect rule, the Portuguese in Brazil and the Dutch East India Company, burdened by its own expensive factories: for

Merivale, this was a constant advantage of ‘newcomers’ over existing conquerors. Merivale then dealt with the British colonisation of the West Indies, describing the passage from plot cultivation to ‘latifundia’ (MEGA² IV/9: 448).

Examining the effects of colonisation on the motherland in the second part of his work, Merivale contested Ricardo’s argument that the falling rate of profit only depended on the law of diminishing returns, since it ignored the role of colonialism in countervailing this tendency.²⁶ For Merivale it was not true that once colonial monopoly was eliminated, the rate of profit would have returned to its ‘normal’ level: the expansion of primary production in the colonies lowered the value of raw materials and real wages. Although what Marx later defined as the ‘composition of capital’ grew more slowly in the colonies than in the motherland and the capital exported there brought a lower return, if the population increased and the competition among workers was greater than that among capitalists, the rate of profit **‘might even rise’** (MEGA² IV/9: 451). Merivale also traced the process of accumulation in the colonies, examining the rate of wages and profits, and taxation. In his view, the history of European settlement in America, Africa and Australia was marked by the same crimes against the natives and the same attempts at reparation. Europeans mainly adopted three methods: the extermination of the native ‘races’, the ‘civilisation’ of the people – that were kept as an isolated body away from the Europeans, or the ‘mixing’ of colonised and colonisers: a union that was similar to that between master and servant. Merivale’s examples, Marx commented, were mainly from North America, where the specific causes of depopulation were absent; the aboriginal ‘races’ did not necessarily have to perish (MEGA² IV/9: 479).

Marx then turned to the question of the slave trade in *The African Slave Trade* (1839) and *The Remedy; Being a Sequel to the African Slave Trade* (1840) by Thomas F. Buxton – the spokesperson for a parliamentary group that, in the 1820s, had denounced the inhumanity of slavery and demanded a strict international ban on the slave trade, which they saw as an expression of an ‘irrational’ colonial policy. Buxton emphasised the potential for Africa to be an export market and a producer of primary products: a potential that could only be realised by introducing the wage system. **‘Legitimate commerce – for Buxton – would put down the Slave Trade by demonstrating the superior value of man as a labourer, to man as an object of merchandise’** (MEGA² IV/9: 500). Marx criticised Buxton’s calculations that a total of about 250,000 slaves a year were exported from Africa as too low (MEGA² IV/9: 495): he excerpted data on mortality during trafficking, the stages of deportation, travel conditions and accumulated profits. He also read the Quaker William Howitt’s *Colonization and Christianity* (1838), which documented the unprecedented ‘barbarities’, cruelties and infamies committed in the colonies by the Europeans, Christians and the ‘civilized’. These were **‘not to be paralleled by those of any other race, however fierce, however untaught, and however reckless of mercy and of shame, in any age of the earth’** (MEGA² IV/9: 516).

An essential but almost completely ignored source of Marx’s state theory is Heeren’s *Handbuch der Geschichte des europäischen Staatensystems und seiner*

Colonien (3rd edn, Göttingen, 1819; *MEGA*² IV/9: 502–15). First published in 1809, this work had been translated into several languages and had a significant impact in Europe and the US. It focused on the political, commercial and geographical aspects of the European states-system, attributing central importance to colonisation and the international political economy (Little 2008: 2). In Heeren's view, 'the history of the European states-system is not the history of single states, but the history of their mutual relations' (*MEGA*² IV/9: 502). In the modern period, European inter-state relations became stronger because of their common interests and increased communication. In Heeren, Marx underlines, the term 'colony' denoted all European possessions and establishments abroad.²⁷ Colonial expansion was closely related to inter-European rivalries: it was competition with Spain, for example, that pushed England towards the sea. With the formation of commercial companies, European states got increasingly involved in colonial questions, which also led to wars between European states themselves. While initially such wars extended to the colonies, later it was war in the colonies that spread to Europe (*MEGA*² IV/9: 511). This trend reflected the growing importance of the colonies, which was also proved by the steady increase in the consumption of colonial products. Having become the dominant power, between 1786 and 1815 Britain expanded in Asia, leading to the formation, from the still limited European colonial system, of a 'world system of states' (*Weltstaatsystem*) (*MEGA*² IV/9: 515).

Marx also read *An Inquiry into the Colonial Policy of the European Powers* (1803) by the liberal politician and abolitionist Henry Brougham: the first work that dealt with colonial policy as a separate and distinct object of investigation (Mill 1803: 515; Friedman 2007). Although Brougham's fame was due to his attack on the slave trade, Marx mainly summarised the first two volumes of his work, on the colonial system, rather than the last two, more political, volumes (*MEGA*² IV/9: 542–52). Brougham opposed protectionism and argued for the economic centrality of colonies; Smith had exaggerated the disadvantages resulting from monopolies, which had allowed industrialisation in Britain (Brougham 1803, Vol. 1: 238, 247, 261). In Brougham's view, his own position differed from Smith's mainly for historical reasons: after a phase of accelerated accumulation, its rhythms decreased and capital sought new outlets. Brougham – Marx emphasises – deemed it possible for a country to have a surplus of capital and population (*MEGA*² IV/9: 546–7).²⁸ **'The wealth of Great Britain appears, from several symptoms, to be arriving at the state of overgrown magnificence; and, of course, to require more and more the outlet of new colonies'** (*MEGA*² IV/9: 546). This *explicit* connection between colonisation and export of capital glut was one of the few innovative theses in the field of political economy at the beginning of the nineteenth century. Crucially, it contradicted Say's law of markets. This explains why Ricardo did not appreciate Brougham's work. Supporting free trade *and* colonisation, Brougham was a bridge between the mercantilists and Wakefield, one of the first theorists of free trade imperialism (Knorr 1944: 233, 248; Semmel 1970: 4, 44–6; Sockwell 1994: 16, 19, 21).

4.8 World history and the condition of women (Notebooks 19–21 and 24)

In Notebooks 15–18 Marx dealt with a variety of themes, which show his many-sided approach to political economy: natural sciences and technology,²⁹ the banking system, feudalism, the history of literature (Index: B51–B60; Schellhardt 1983: 74; Feldner 1989). In Notebooks 19, 20, 21 and 24 (written from August 1852) he focused on world history, with particular attention to culture, customs and the evolution of the social and political status of women (Fricke and Jahn 1976: 63–4). Notebook 19 starts with some excerpts from *Allgemeine Geschichte der Kultur und Literatur des neuern Europa* (2 vols, 1796, 1799) by Johann Gottfried Eichhorn, a member of the Göttingen School (1760s–1790s), which, in the spirit of the Enlightenment, devoted itself to developing a *Kulturgeschichte* specifically characterised by the integration of the study of ancient texts with the scientific use of travel literature ([B 61, Heft LIX]; Carhart 2007: 7). After his notes from Eichhorn, Marx turned to John Millar's *Observations Concerning the Distinction of Ranks in Society* (London, 2nd edn, 1773). Like other exponents of the Scottish Enlightenment, Millar examined the evolution of institutions and authority relations against the backdrop of production relations, applying the four stages theory to interpret an exceptionally wide range of social phenomena (Meek 1976: 161; Chitnis 1986: 5; Ablondi 2009: 163).

The largest section of Notebook 19 consists of extracts from the Millar text, starting from its first chapter 'Of the rank and condition of women in different ages'. Uniquely among works of the time, the *Observations* do not present despotism as a constant characteristic of human history. Millar also provided historical evidence against the at the time widespread conception of the inherently patriarchal nature of the family. He thus may have led Marx to question his previous acceptance of this conception as early as 1852 (see Chapter 3.5 in this book). In the 'primitive age', for Millar, the absence of differences in rank allowed a free intercourse between sexes; the couple was established in the 'wild stage' with the purpose of mutual assistance and childcare. Marriage appeared among the Romans and then spread on a universal level. Marx excerpted Millar's description of various forms of marriage by different peoples,³⁰ including his path-breaking analysis of group marriage, matrilinearity and matriarchy in 'primitive' societies, from the Median Empire to the coast of Malabar and the Iroquois in North America ([7–8d]; Meek 1976: 167). It was the introduction of wealth, and the distinction of ranks accompanying development, that put an end to the free intercourse among sexes and made it difficult for women to achieve the gratification of their desires [8d]. Manufacturing development, however, tended to remove these factors: in 'gentle' nations women entered the public sphere and inter-personal relations became as free as in periods of 'barbarism', although this led to 'licentious' and 'dissolute' manners. In a commercial country like England, paternal authority over wife and children was undermined by the advancement of art and craft, which allowed all family members to become free and independent [11 and 15d]. Millar also discussed the question of

political authority and concluded his work with a chapter on slavery. While predominant in a quarter of the globe, in ‘civilised’ nations, he remarked, slavery had become less convenient than free labour not only because of its costs but also because of the danger of riots, as in the case of black slaves in the colonies.

Marx then turned to a series of mainly eighteenth-century historical works that counterposed the Oriental lack of freedom, for women in particular, and Western freedom. For the French poet and scholar Joseph-Alexandre de Ségur,³¹ among barbarian peoples women were ‘nothing’; women became more important with the refinement of customs and became ‘everything’ with their corruption. Also Antoine Léonard Thomas³² counterposed women’s slavery in Asia to their relative freedom in the temperate zone. In *A History of Women* (1782, 3rd edn), the Edinburgh doctor William Alexander argued that women had always and everywhere been, to some extent, objects of buying and selling; in the West, their condition was elevated at the very moment in which it declined on the other side of the globe, where they were reduced to mere instruments of pleasure ([184d]; see O’Brien 2009). Christoph Meiners,³³ Eichhorn’s colleague at the University of Göttingen, presented the same evolutionary schema, making extensive use of travel reports (Carhart 2007: 12): among the ‘savages’ in Siberia and America, and ‘natural peoples’ in Africa, women were property of men; in the East, they lacked freedom and any possibility of cultural advancement; among Slavic peoples, the remnants of their ancient slavery could be found even in the higher ranks of society. In Europe, starting in Italy and France from the fourteenth century onwards, women had taken part in scientific and artistic movements. Marx annotates the passages on the condition of women in the European courts until Mary Wollstonecraft’s declaration of women’s rights in 1792 [177d].

In his twentieth notebook [B62, Heft LX] Marx summarised at length Wilhelm Wachsmuth’s *Allgemeine Kulturgeschichte* (1850). Wachsmuth’s work represents a point of transition between the Enlightenment *Kulturgeschichte* as a history of humanity and the new, emerging history focused on ‘peoples’ (*Völker*) (Scheinost 2002: 152–3). As anticipated in Chapter 2, in the nineteenth century the notion of civilisation became more intertwined with that of race, and a tendency prevailed to depict the East as inferior by having recourse also to racial concepts (Stokes 1959; Menon 2008; Blaney and Inayatullah 2010: 115). Wachsmuth started from the origin of humanity and its division into ‘races’ to get – through exchange and the division of labour – to the formation of the state, whose first form was that of Oriental despotism. With it, freedom disappeared; civilisation represented an exit from this state of passivity. In the volume on the pagan Orient, Wachsmuth argued that ‘the passive peoples in the Orient have their roots in the negro races’ [68d] and described the negative aspects of the culture of the ‘Caucasian East in general’, referring also to the subordinate status of women. Indian aboriginal populations were not hard working; only ‘Aryan people’ made the subcontinent a bearer of culture, but Brahmin religion prevented scientific development. Wachsmuth also presented the limits of Chinese and Tibetan culture – ‘without gods with sensible appearance’, ‘without mythology’, ‘isolated and without analogy with the rest of

the East’ – but also its discoveries, and the evolution of material and cultural life. Culture, he argued, had begun with the Mediterranean peoples [178d]. In the fourth volume he traced historical developments in Western Europe. In his view, the Roman Empire was not linked to paganism and its *essence* also informed the Christian empire. Christianity also conquered ‘barbarian’ peoples in the West, and merged with the intrinsically democratic social forces introduced by the Germans and Normans. In Notebooks 20 and 21 [B 63 Heft LXIV], Marx annotates another work by Wachsmuth focused on European history, *Europäische Sittengeschichte: Vom Ursprünge volkstümlicher Gestaltungen bis auf unsre Zeit* (Leipzig, 1831).

4.9 The Indian question (Notebooks 21–3)

Marx’s Notebooks 21–3, probably written between January and June 1853,³⁴ are focused on the Indian question, but also include short excerpts on China (Brentjes 1983; Rein 1988a, 1988b).³⁵ The British parliament was then discussing the renewal of the East India Company Charter, which expired on 30 April 1854. Although its governmental power in the subcontinent had been questioned from its inception, the Company retained it till 1858. Its forms of merchant exploitation increasingly clashed with the interests of the industrialists in transforming India into a ‘reproductive country’ that could eventually replace the US (Harnetty 1972). Thanks to the conflict between merchants and industrialists, Marx gained new and important information about Asian societies.

One of the first texts he summarised is Herbert Spencer’s pro-industrialist book *A Theory of Population* (London, 1852) [B63 Heft LXIV]. Spencer discussed the renewal of the Company Charter against the backdrop of his more general understanding of human development, which was based on the law of population. Rendering technical improvements necessary, this law was a factor of human progress: only those ‘races’ advancing under its pressure could survive, while the others, like the Irish, were doomed to extinction. In *Social Statistics, or the Conditions Essential to Human Happiness Specified etc.* (London, 1851), Spencer identified human progress with the imposition of the rule of law and the democratisation of despotism, like that of the Company, which embodied the functions of conqueror, ruler, landowner and merchant [132d].

John Ramsey MacCulloch’s *East India, Literature of Political Economy* (London, 1845) contains extracts from English mercantilist economists like Josiah Child, Charles Davenant, Thomas Mun and John Pollexfen. In *England’s Treasure by Forraign Trade*, Thomas Mun argued that, in order to render the trade with India and the East in general profitable, the prohibition of exporting gold and silver had to be repealed; and so did Child’s essay *A Treatise Wherein it is Demonstrated that the East India Trade is the Most National of All Trades etc.* (London, 1681) [99d]. Marx also reported the terms of the debate, developed before 1700, on the import of silk and cotton from East Asia that, as discussed in Chapter 1, led to the erection of protective trade barriers for British manufactures.

Marx then examined the Indian social structure. The key text in the development of his concept of Asiatic mode of production was the third volume of Heeren's *De la politique et du commerce des peuples de l'antiquité* (Paris, 1833) [B63]. From it, Marx became aware of the existence of a democratic tradition in India linked to the common ownership of land (Levine 1977: 78). Communes were preserved mainly in the South of the country, which had not been subject to continual territorial conquests as in the North. Mark Wilks's three-volume work *Historical Sketches of the South of India etc.* (London, 1810–17) described each village as a commune or a small republic reproducing the image of primitive communism [74d]. India appeared as 'an immense body formed by these small republics', indifferent toward politics and dynastic changes. Heeren also cited *History of Java* by Thomas Stanford Raffles (1817),³⁶ governor of Java and its dependencies, including its report on Bali, a small island that had maintained the ancient communal constitution and the judiciary of *Potails*, called 'Parnakas', subjected to a rajah with unlimited power. The existence of communes – Marx noted – refuted Bernier's thesis that the sovereign owed the land [B 63 Heft LXIV; 76d].

If Marx initially followed Bernier (letter to Engels, 2 June 1853, *CW*39: 330), through Heeren he became aware of a wide ongoing debate on land ownership in Asia, which he excerpted in Notebook 22 [B 65 Heft LXVI]. In describing history and structure of the village community, Raffles argued persuasively that the sovereign was no universal landowner: the soil, on the contrary, was almost invariably an inalienable property of his subjects [2d]. Land was minutely divided among individual families, which did not work it in common, as in similar villages in India, but cultivated it separately [9d]. In districts east of Surabaya inhabitants elected a head of the village and freely cultivated his land: an electoral practice that previously had been general throughout the island. Except for elections, the village constitution in Java strongly resembled that of the Hindus. The *5th Report of the House of Commons of Indian Affairs* described the village structure as immutable and, as Marx later wrote in *Capital*, 'untouched by the storms which blow up in the cloudy regions of politics' (*CI*: 479). Driven only by the thirst for profits, for Raffles, the Dutch Company had used all existing despotic mechanisms to exploit the population.

The first volume of Wilks's *Historical Sketches of the South of India* [B65 Heft LXVI, pp. 7–9] reported that, despite the increasing prevalence of parcelary plots, in some communities south of the river Kistna soil was still cultivated collectively. Division and conquests furrowed Indian history, turning villages into separate states at war with each other. In Wilks's eyes, the idea of an absolute possession was incompatible with the existence of society, which makes it necessarily conditional. In most parts of India, with abundant unoccupied land and taxes proportional to its value, no one tried to buy the privilege of becoming a farmer [2d]. Wilks challenged those who attributed the property of the land to the sovereign, from Diodorus Syculus and Strabo to Bernier, De Thévenot, Chardin, Tavernier, Manouchi, and so forth: in his view, all these men of genius had considered the imaginary consequences of despotism to be real [3–4d]. The villages, the basic components of the Indian kingdoms, were republics or separate

communities where, generally, occupants cultivated their own field individually. While in central India the existence of private property was almost completely forgotten, traces of it survived in southern regions and in other areas it was in as a perfect condition as in every part of Europe [4–5d]. Collective works still existed in those parts of India in which the fragmentation of property caused by the colonisers did not prevail. In *Capital*, Marx reports Wilks's description of the division of labour within the communities, where spinning and weaving were carried on in each family as subsidiary industries (CI: 478–9).

In his letter to Engels of 14 June 1853 (CW39: 344), Marx distances himself from Bernier's view of Oriental despotism and seems to accept that in the occupied regions south of Kistna there was land ownership, while in Java the sovereign was the absolute landowner (Brentjes 1983; Rein 1988a, 1988b). The English East India Company had reclaimed an absolute right to the land, previously inconceivable in the country, thereby causing a process of expropriation of the population. Similar considerations are to be found in Marx's notes from Hugh Murray's *Historical and Descriptive Account of British India etc.* (Edinburgh, 3 vols, 1832) [B65 Heft LXVI, pp. 9–12]. Marx focused on British–Indian trade relations, colonial administration and Indian social structure, and on Murray's reconstruction of the Company's history: disagreements about its role had already emerged once it became the sovereign of Bengal, and, virtually, of the entire country in 1744 ([2d]; see CW12: 148–56). The rent the Company imposed, which corresponded on average to 45 per cent of the product, indebted and dispossessed the ryot [5d]. Through its territorial revenues and remittances, the Company needed to raise a minimal amount of money in Britain to invest in India, while private traders gained huge profits by exporting manufactured products to Europe. The complications caused by the 'double system', the double government of Company and Crown, were discussed in the *Parliamentary Blue Books (East India Affairs)* and by the colonial officer George Campbell in *A Scheme for the Government of India* (London, 1853) [23d].

Marx also summarised another work by Campbell, *Modern India* (London, 1852), the most detailed account of the time on the British Empire in India, which described natural, social and economic conditions in the country, reporting on the structure and activity of the colonial administration, on the land reforms and the taxation system established by the British ([B65 Heft LXVI, pp. 11–22; 24–32]; Rein 1988: 31). The first chapter traced the history of India from AD 700 until the conquest of the British who, with the annexation of Punjab in 1849, had become the 'supreme masters' of the subcontinent. Representing the interests of the industrialists who sought to secure for themselves alternative sources of raw materials that would reduce their dependence on the US, Campbell described the abundance of water, the extent of the market, and the potential for irrigation and cultivation of cotton [34d], presenting also various possibilities of conquest by land [27d]. In his view, the Indian people were endowed with great industrial energy, a propensity for capital accumulation and exact sciences. Costs of 'labour', both 'manual' and 'intellectual', were relatively low: even though the mass of the population was illiterate, good clerks were more abundant, more efficient and cheaper than in Europe.

In India there were not just divisions between Hindus and Muslims, but among Hindus as well. Campbell analysed the structure of the communities – divided into a merchant class, the lower classes and the Dalits – and described their organisational forms and their different levels of democracy. In his view, Indian villages were not constitutionally democratic because of a strict caste division of labour. When the British arrived, there existed in any part of India village communities in which collective ownership coexisted with individual possession, comparable with the European communities existing in German, Roman and Greek societies. This argument undermined the dualistic representation of a ‘despotic Orient’ and a ‘democratic West’. In India different types of communal organisation existed: simple municipal communities under the guidance of a single leader; democratic communities with common property and periodical redistribution of land; *zamindar* or *jaghirdar* villages and districts subjected to tributary leaders. The British had resorted to the sovereign’s right to appropriate a part of the product of the land, causing the ruin of the communities. They introduced the *zamindari* system in Bengal, the *ryotwari* in Madras, and the village system in Punjab, and dissolved the communities in the North West [15]. Taxes on land, salt and opium and other revenues extorted a huge portion of products from the peasantry, previously inconceivable. For Campbell, **‘no oriental conquerors have ever obtained so complete an ascendancy, so quite, universal, and undisputed possession as we have’** [6d]. If all conquerors had tried to enrich themselves, the British, as Richard Jones argued in his report on the condition of the ryots in Asia, had done nothing for them (*MEGA*² IV/7: 626–7).³⁷

Like other representatives of the industrial bourgeoisie, Campbell denounced the Company with the goal of promoting the direct intervention of the Crown and investment in infrastructure, necessary for further expansion in Asia. Other texts, like *Indian Railways and their Probable Results* (London, 1848, 3rd edn) [47–8d], emphasised the economic, political and military importance of a railway system. In *The Cotton and Commerce of India* (London, 1851), John Chapman maintained that such a system would have broken the isolation and the stationary condition of the Indian villages, subjecting artisans to the competition of commodities and knowledge in the world market, and opening new fields of investment for the ‘plethora of capital’ from Britain [B65 Heft LXVI pp. 23–4].

In *The Principles of Asiatic Monarchies* (London, 1801), Robert Patton had traced back the causes of political relations in property relations [B65 Heft LXVI, pp. 32, 37–9], substantially repeating Bernier’s argument [B LXIV Heft 63, pp. 62–5]. In all kingdoms and empires in Asia, and in parts of Africa as well, absolute land ownership allowed the sovereign to maintain its power [8d]. Patton, however, reversed Bernier’s judgement on the situation of the farmers: in India and Egypt the ryot enjoyed a ‘possessory property’ – a hereditary right to possession in exchange for the obligation to cultivation – which was distinct from the absolute property of the sovereign, who had the right to transfer or assign the land [74–6d]. **‘In direct opposition, to the practice and prejudices of Europe, the immediate labourers of the soil [...] in ancient Hindostan were the most favoured subjects**

of government, being the only permanent possessors of land [76d].’ As we shall see in the next chapter, Patton’s distinction between ‘possessory right’ and ‘proprietary right’ exerted a decisive influence on Marx’s conceptualisation of the Asiatic mode of production (Levine 1977: 77, 81).

4.10 Accumulation on a world scale and permanent revolution

In his London Notebooks Marx put in question some of the basic contradictions of classical political economy, starting from the contradiction between the labour theory of value and the theory of money. By rejecting the quantity theory of money, Marx could identify not only the *historical* primacy of the world market, as he had done already, but also its *conceptual* primacy. He thus laid the foundations for coherently developing the labour theory of value that, as discussed, is not abstractly national or international, but expresses the process of internationalisation of capital. Marx, in fact, could integrate into his *concept* of capital, on the one side, the processes of ‘primitive accumulation’ leading to the concentration of world money then invested in production, and also, on the other side, the expansionist tendencies of industrial accumulation itself. In the London Notebooks, he questioned Ricardo’s theories of international trade and rent, and completely demolished Malthus’s theory of population. Along with his studies of the labour movement, technology, trade and colonial expansion, these theoretical achievements allowed him to undermine the wage-fund theory and the resulting iron law of wages.

In Kenneth Lapides’s view (1998: 140), September 1853 represents a turning point in Marx’s theory of wages. Following the wave of strikes that had grown up in England during that year, Marx overcame the idea that wages necessarily converge toward the physical minimum and unions cannot achieve any concrete economic results. British workers had claimed, and actually achieved, a part of the prosperity generated by free trade.

Six months ago the work-people, had they even found their position not strengthened by the great demand for their labour, by constant and enormous emigration to the gold fields and to America, must have inferred the enhancement of industrial profits from the general prosperity-cry uttered by the middle-class press exulting at the blessings of Free Trade. The workmen, of course, demanded their share of that so loudly proclaimed prosperity, but the masters fought hard against them. [...] Under certain circumstances, there is for the workman no other means of ascertaining whether he is or not paid to the actual market value of his labour, but to strike or to threaten to do so.

(*CW12*: 332–3)

Marx thus laid the premises for developing his own theory of the wage, which distinguishes the nominal wage (the exchange value of the labour power) from the real wage (the amount of commodities the wage can buy) and the *relative*

wage, i.e. the proportion between the value produced and the value appropriated by the workers (Lapides 1998: 207–8; Pradella 2010: 294–6). In spite of increasing productivity and labour exploitation, in imperialist countries the class struggle could lead to improvements in nominal and real wages, which were also made possible by international investments and mechanisms of ‘unequal exchange’ through which capital in dominant states received extra profits from capital in less developed countries. Although Marx had not yet elaborated the necessary categories for scientifically understanding the modification of the law of value at the international scale, the process of capital accumulation now appeared to be more complex than it did in the 1840s. If it is true, as Cohen argues (1993: 271–2), that Marx’s elaboration in the London Notebooks, his critique of the quantity theory of money in particular, responded to his attempt at finding ‘the determinism of crisis’, this ‘determinism’ also introduced a higher level of complexity, since it mainly resided in the sphere of the world market.

Indeed, in the wake of the Taiping Revolution (1850–64), which spread throughout China from the early 1850s, Marx changed his previous unidirectional view of international revolution, tracing a relation between proletarian struggle in the metropolis and anti-colonial movements in the colonies. For Marx, the First Opium War had galvanised the creeping social discontent in China, leading to a wave of revolts that then culminated in the Taiping Revolution. The revolution, in its turn, provoked a contraction of European markets, enhancing the factors of crisis in Europe. Marx greeted the revolution with favour, arguing that it could have accelerated the outbreak of the proletarian revolution in Europe.³⁸ In his 1853 articles on India, moreover, while denouncing the destructive effects of British colonialism, Marx presented the conditions it unintentionally created for the unitary uprising of the Indian people, which actually broke out four years later with the Sepoy Uprising (1857–8). For Marx, the ‘materially regenerative’ function of British rule consisted in having destroyed the foundations of the old society – while maintaining and fomenting at the same time its most deleterious aspects – and in having paved the way for the unitary struggle of the Indian people through the achievement of an almost complete political unity of the subcontinent, the formation of a single army, the development of the means of communication and transport, and the introduction of formal private property and, correspondingly, of a modern proletariat and bourgeoisie. If political divisions had been the first cause of India’s weakness, compared for example to China, political unity was the main condition of its regeneration (*CW*12: 218). The connection between British and Indian production, moreover, had extended the field of labour cooperation, and linked the fate of British and Indian workers.³⁹

In Marx’s eyes, Britain could not continue to inundate India with its own manufactures without enabling it to develop its own productive forces (*CW*12: 154–5). Once Britain had introduced the railways in the country, moreover, it would not have been able to impede the Indians from developing their own industrial production (*CW*12: 220). If it is possible to trace in this argument the influence of Marx’s pro-industrialist sources, which may have led him to

estimate the fundamental unity of the British industrial and commercial capitalists in exploiting the Indian people, it is important to stress that, unlike them, Marx believed that Indian development could not attain its fulfilment under British rule (Habib 1995: 56). One could argue, moreover, that his was mainly a problem of timing, since in the twentieth century India indeed developed its own manufacturing industry, today integrated in global production networks. In his articles, moreover, Marx polemicised with Carey's moralising critique of British imperialism, based on a romantic idealisation of Indian pre-capitalist society. While these factors contribute to explaining the iconoclastic tone of his articles, his thesis that 'Indian society has no history at all, at least no known history' (*CW*12: 217) also depends on his broader understanding of history, which we shall discuss more in depth in the next chapter. Significantly, however, Marx's denunciations of the deleterious aspects of Indian pre-colonial society are similar to those of Europe's feudal past and the 'idiocy of rural life', and share the same spirit as many reformist writings condemning the inhumanity of the caste system (el-Azm 1982). As various representatives of the Indian anti-colonial movement have argued, Marx's view of a 'dual mission' of British colonialism is not Eurocentric in itself (see Ahmad 1992: 224–6, 234). Contrary to Said's argument (1993: 156, 325), this view is not based on Marx's deeply rooted belief in an ontological difference between East and West, but rather on a political reflection on the material conditions for Indian liberation.

The London Notebooks prove that, if anything, in the early 1850s Marx overcame the then prevailing dualistic representation of the West and the East, and laid the premises for elaborating the unitary scheme of human development later presented in the *Grundrisse*. The Notebooks contradict the widespread view that, in the early 1850s, Marx uncritically assumed the Orientalist thesis of the lack of private land ownership and intermediate classes in India.⁴⁰ Following the British controversy on the forms of land ownership, Marx overcame his previous belief in the absence of private property in Asia, distinguishing the nominal and symbolic property of the sovereign from the farmers' right to possession, which allowed the existence of communal and even individual titles on the land (Sawer 1977: 44). If this does not exclude further limitations in Marx's analysis of the land tenure system in pre-British India, this new awareness marked a real turning point in his understanding of history. Property now appeared as a secondary relation, presupposing an original unity between labour and its material resources, from which different forms of possession and community derived. Marx could locate pre-capitalist formations in a historical process whose unitary dynamics lies, as Partha Chatterjee argues (1983), in the progressive separation from the original unity between human communities and the land. Anticipating the work of key Indian historians such as Ranajit Guha and Chatterjee, Marx examined the different levels of democracy of the Indian communities but also their non-egalitarian elements and caste divisions.⁴¹ In his excerpts from Prescott, moreover, he identified the existence of intermediate classes between the sovereign and the subject population in Mexico and Peru.

With Marx's increasing attention towards the concrete situation of the population in India, we could say, with Guha (1983), that the 'subalterns' become

not only a subject of historical and sociological enquiry, but also the makers of their own history. An analysis of community forms enables us to understand patterns of peasants' consciousness and resistance (Chatterjee 2000: 13). Indeed, from the early 1850s, Marx attributed a growing importance to peasant resistance and started elaborating his notion of permanent revolution on a genuinely international plane. His hope for a nationalist revolution in India that could break up the caste system was quite exceptional at the time; as Irfan Habib argued (1995: 58), Marx was probably the first major European intellectual and political activist who supported an Indian national liberation 'attained through their struggle by the Indian people'. Indeed, in 'The Future Results of British Rule in India', Marx explicitly argued for the centrality of the mobilisation of the Indian masses for reaching independence and for shaping India's autonomous developmental path.

All the English bourgeoisie may be forced to do will neither emancipate nor materially mend the social condition of the mass of the people, depending not only on the development of the productive powers, but of their appropriation by the people. But what they will not fail to do is to lay down the material premises for both. Has the bourgeoisie ever done more? Has it ever effected a progress without dragging individuals and people through blood and dirt, through misery and degradation? The Indians will not reap the fruits of the new elements of society scattered among them by the British bourgeoisie, till in Great Britain itself the now ruling classes shall have been supplanted by the industrial proletariat, or till the Hindus themselves shall have grown strong enough to throw off the British yoke altogether. At all events, we may safely expect to see, at a more or less remote period, the regeneration of that great and interesting country.

(*CW*12: 217)

Marx envisioned two, interconnected, roads for the national liberation of India: a proletarian revolution in Britain or a national, anti-colonial revolution in India. He certainly did not celebrate the 'imperialist mission of capitalism' and its extension to non-European societies (Warren 1980: 39). For Marx, British rule did not play a positive role as such, but only in so far as it laid the premises for its own supersession. If the British had created the conditions for the emergence of an unitary anti-colonial movement in India, this movement, accelerating the factors of crisis, could have reacted on Britain as well, and, through it, on the European continent, increasing the chances of a revolutionary outcome. The victory of social revolution in Europe could have stopped the expansion of capitalism and opened up the way to socialise the conquests of capitalism but not its destructive effects in other parts of the world. In the early 1850s, we witness therefore a deepening of Marx's view of capital accumulation and of permanent revolution, which included, for the first time, peoples' struggles against colonialism.

Notes

- 1 Between 1830 and 1850, the volume of international trade doubled, while quadrupling over the next three decades (Jones 2000: 17–18). British foreign trade increased from 3 per cent of total trade in 1811 to 79 per cent at the end of the century (Bairoch 1976: 23). British foreign investment was mainly directed toward the US and the British Empire, and, before World War I, in some years exceeded domestic investment (Cottrell 1975: 15, 28; Hall 1968: vii, 6; Edelstein, 1982: 20, 25; Cairncross, 1953: 3).
- 2 Marx's and Engels's authorship of the whole of this material was recognised only in the first half of the twentieth century.
- 3 On the development of Marx's theory of money in the London Notebooks, see Arnhold (1979), Fricke and Jahn (1976), Noske (1979), Müller (1981), Schellhardt (1982), Wassina (1983), Fabiunke (1984) and Muzzupappa (2009).
- 4 In their attempts to understand the causes of the crisis, the Banking Theorists adopted a historical approach (Block 1987: 54).
- 5 After presenting his theory of money in *The High Price of Bullion etc.* (1809) and *Reply to Mr. Bosanquet's Practical Observations on the Report of the Bullion Committee* (1811), Ricardo never investigated money as such (*Con*: 401, 405).
- 6 In the 1859 *Contribution* Marx quotes, as particularly significant, the works of Tooke, Fullarton and James Wilson (*Con*: 416, note). Wilson was the founder of *The Economist* (1843), which Marx read regularly in London.
- 7 In his notebooks, Marx excerpted his *Lectures on the Nature and Use of Money* (Edinburgh, 1848). For a more detailed presentation of Gray's proposal and of Marx's critique of it, see Saad-Filho (1993).
- 8 Marx had already read some summaries from Serra's work in Pecchio's *History of Political Economy* (MEGA² IV/3: 390–1; see Chapter 3.3.4 in this book).
- 9 In 1869, John Stuart Mill gave the final blow to the wage-fund theory, stating publicly that it was false. With powerful unions and universal suffrage on the horizon, more modern methods to control the working class had to be developed (Lapides 1998: 56).
- 10 See also *The Evils of England, Social and Economical, by a London Physician* (London, 1848) (MEGA² IV/9: 41).
- 11 Marx summarised Piercy Ravenstone's *Thoughts on the Funding System and its Effects* (London, 1824), and Thomas Hodgskin's *Popular Political Economy: Four Lectures Delivered at the London Mechanics' Institution* (London, 1827) (see MEGA² IV/8: 542–62).
- 12 Marx summarised George Ramsay's *An Essay on the Distribution of Wealth* (Edinburgh, 1836) in MEGA² IV/8: 643–7. In his view, Ramsay's main contribution consisted in making the distinction between *constant* and *variable* capital, although he retained the terms 'fixed' and 'circulating' capital (*CW*33: 255).
- 13 Marx summarised two polemical works by Ricardo against the landed aristocracy: *An Essay on the Influence of a Low Price of Corn on the Profits of Stock* (London, 1815) and *On Protection to Agriculture* (London, 1822) (MEGA² IV/9: 159–62).
- 14 See Marx's letter to Engels of 7 January 1851 (*CW*38: 258).
- 15 Carey's *The Credit System in France, Great Britain and the United States* (1838) was summarised in Notebook 5 (MEGA² IV/7: 432–9).
- 16 Marx critically discussed this work in his 1861–63 *Manuscript* (*CW*33: 348) and in *Capital*, in the chapter on the national differences of wages (*CI*: 705).
- 17 Marx also studied the *Annales agricoles de Roville* by Joseph-Alexandre Mathieu de Dombasle, who suggested various means of increasing agricultural productivity and opposed Ricardo's theory of diminishing returns (MEGA² IV/9: 124–31).
- 18 *Die Organische Chemie in ihrer Anwendung auf Agricultur und Physiologie* (Braunschweig, 1842). Marx studied agricultural chemistry in Notebooks 12–14.
- 19 His work was republished by George Purves in *Gray versus Malthus: The Principles of Population and Production Investigated etc.* (London, 1818).

- 20 Although Alison did not really overcome Malthus's theory of population, Marx agreed with Engels that he was one of 'the most able economists and statisticians' (CW3: 436).
- 21 William H. Prescott wrote influential works on Latin American history. Despite Prescott's personal opposition to the US conquest of Mexico, his works were used to justify it (Eipper 2000: 416).
- 22 According to David Cahill (2009), this kind of dualist scheme, of colonial origin, is present also in Jared Diamond's *Guns, Germs and Steel* (1997).
- 23 The term 'Aztec', evocative of a mythical origin in Aztlán, was popularised by Prescott (Eipper 2000: 426).
- 24 In his notes on the theocratic Inca Empire, Marx judged the pomp of the sovereign to be 'ridiculous' (MEGA² IV/9: 417).
- 25 Marx critically annotates Merivale's considerations regarding the Jesuits' role in subduing the Indian Guarani. 'By the savages, like by monkeys, there were no discoveries, there was only imitation ability. The Jesuits did not educate but *domesticated* them. Happy family. Their population was not enough to survive' (MEGA² IV/9: 468).
- 26 Marx developed this argument in *Capital* Volume 3, in Chapter 14 on the factors counteracting the tendency of the rate of profit to fall (CIII: 344–7). See also Chapter 5.7 in this book.
- 27 Heeren defines the colonies as 'all the possessions and establishments of Europeans in foreign parts of the world. 1) Agricultural colonies. The colonists grew into a nation. 2) Plantation colonies. Purpose the production of certain natural products in plantations for Europe. When also landowners, colonists were less at home. Their number remains low. In them, preferably slavery at home. 3) Mining colonies. 4) Trading colonies' (MEGA² IV/9: 505).
- 28 In Brougham's view (1803, Vol. 1: 148, 154, 168), while the benefits of foreign trade were partial, those from colonial trade were exclusive. Since they were part of the Empire and fully repaid the costs of their defence, depicting the colonies as a financial burden was as absurd as to expect them to maintain themselves (MEGA² IV/9: 545).
- 29 Marx's technological excerpts have been published by Hans-Peter Müller and Rainer Winckelmann (Marx 1981, 1982).
- 30 Accounts range from the American Indians to the Lydians and Babylonians; from Greeks and Romans to the peoples of Siam, Cochinchina and Cambodia.
- 31 *Les femmes, leur condition et leur influence dans l'ordre social chez différents peuples etc.* (Paris, 1813).
- 32 *Essai sur le caractère, les mœurs et l'esprit des femmes etc.* (Paris, 1773).
- 33 *Geschichte des Weiblichen Geschlechts* (4 vols, Hannover, 1788–1800).
- 34 The excerpts from Saltykow, Heeren and Bernier in Notebook 21 were written between April and end of May 1853 (Werther 1988: 109–13); Marx himself dated Notebooks 22 and 23 in June 1853.
- 35 Marx also excerpted, for example, the sixth volume of Gustav Klemm's *Allgemeine Kulturgeschichte der Menschheit* (Leipzig, 1847) and the information there provided on territory, population, diet, tobacco and opium trade in China [45–6d].
- 36 Raffles was an officer of the English East India Company in South Asia until 1810, when he was proclaimed governor of Java. Before Java was returned to the Dutch in 1816, he carried on his studies on the social organisation of the island. His *History of Java* (1817) is one of the pioneering works of South Asian studies (Kubitschek and Wessel 1981: 83–4). Raffles 'suggested the abolition of forced labour in Java and Sumatra only in the areas where he thought it was unprofitable' (Alatas 1971: 41), and wanted to replace it with contract labour and debt bondage.
- 37 Marx praised Richard Jones because, unlike all English economists after James Steuart, he had a 'sense of the *historical* differences in modes of production' (CW33: 320). Jones called 'Ryot rents' '*produce rents paid by a labourer, raising his own wages from the soil, to the sovereign as its proprietor*'. This form of rent can be found in Asia especially,

where the ‘prosperity or rather *the existence of [the] towns* [...] proceeds entirely from the *local expenditure of [the] government*’ (quoted in *CW*33: 322).

- 38 In their *Neue Rheinische Zeitung* Review of 31 January 1850, Marx and Engels imagine European reactionaries fleeing revolution to find written on the Great Wall of China ‘*République chinoise: Liberté, Egalité, Fraternité*’ (*CW*10: 267). See also Marx, ‘Revolution in China and in Europe’ (written on 20–21 May, published in the *NYDT* on 14 June 1853; *CW*12: 93).
- 39 Marx, ‘The British Rule in India’ (written on 10 June, published in *NYDT* on 25 June 1853; *CW*12: 125–33); Marx, ‘The Future Results of British Rule in India’ (written on 22 July, published in *NYDT* on 8 August 1853; *CW*12: 217–22).
- 40 According to Jairus Banaji (2010: 16), for example, before the 1870s Marx followed Bernier’s view of Asian regimes, even ignoring Bernier’s recognition of the nobility’s authority over the peasantry. See also Aijaz Ahmad (1992: 241).
- 41 Significantly, Ahmad (1992: 222) argues that Said’s dismissive criticism of Marx is combined ‘with indifference to – possibly ignorance of – how the complex issues raised by Marx’s cryptic writings on India have actually been seen in the research of key Indian historians themselves [...]’.

5 Towards *Capital*

5.1 Introduction

Marx's analysis of India was soon validated – although without the predicted revolutionary outcome – by the outbreak of the Sepoy Uprising in February 1857. The uprising was the first unitary movement of the Indian people against British colonialism, and overcame, initially, the internal divisions between Muslims and Hindus. Marx supported it and the Taiping Revolution unconditionally, interpreting them as part of a more general uprising of the 'great Asian nations' against British colonialism (*CW*15: 297–8).¹ These movements were aggravating factors in the 1857 economic crisis that enveloped the world market: a crisis of unprecedented proportions in terms of both its strength and its global scope. In consequence of the decline of export trade to China and India, in fact, silver was shipped to the East from Britain, adding, as Marx noted also in his 'Books of Crisis', to the huge government remittances to the East India Company (*CW*15: 379; [Notebook B91]). If commercial and imperial expansion had made it possible to overcome the 1847–8 crisis, this same expansion had sharpened the risk and the extent of a new crisis.

Although it worsened his already precarious economic condition,² Marx greeted the crisis with enthusiasm, hoping for an imminent revolutionary outcome, and worked feverishly on his economic studies, writing the manuscripts later known as *Outlines of the Critique of Political Economy* (*Grundrisse*, published in Moscow in 1939–41) and, simultaneously, the 'Books of Crisis': the notebooks for a pamphlet he wanted to write with Engels, but which they never realised.³ The crisis made the definition of the communist doctrine and the fight against Proudhonism even more necessary. Indeed, the *Grundrisse* starts with a fierce polemic against Alfred Darimon's 'labour-money' proposal (see also Chapter 4.2 in this book).

The first four sections of this chapter focus on Marx's elaboration in the crucial period from 1857 to mid-1863. The *Grundrisse* is the first attempt at systematically presenting capital on the basis of a plan, later modified in 1861–3 and, again, in 1863–5. In the light of the categories of the reflection of Hegel's *Science of Logic*, Marx sought to find the form of presentation of capital as *Konkret Allgemeines* (better translated as 'concrete universality'): as individuality

(*Einzelheit*), that is particularity (*Besonderheit*) reflected into itself, thus reaching universality (*Allgemeinheit*) (Reichelt 1970).⁴ Marx conceived of capital as an organic relationship, creating the premises for its own supersession. The *Grundrisse* and most of the 1861–63 *Manuscript* were envisaged as a draft of the chapter on ‘capital in general’, or, better, the ‘universality of capital’ (*Kapital im allgemeinen* or *allgemeiner Begriff des Kapitals*), a concept referring to the core capital and wage-labour relationship as separate from its concrete movement in the sphere of competition, but containing the laws of its becoming (Rosdolsky 1979: 49).⁵ Despite his awareness that separating capital and competition was problematic, this approach informed Marx’s work until the end of 1862: from the *Grundrisse* to the first five notebooks of the 1861–63 *Manuscript* Marx focused on conceptualising capital in general (Müller 1978: 137).

After presenting Marx’s draft on Bastiat and Carey in Section 2 (July 1857), this chapter turns to the *Grundrisse*, a work that, as Marx himself wrote to Lassalle on 12 November 1858, was ‘the product of fifteen years of research, i.e. the best years of [his] life’ (CW40: 354). Section 3 focuses on the concept of capital in general and the corresponding six-book plan, and presents Marx’s provisional considerations on ‘unequal exchange’ and the Asiatic mode of production. In the *Grundrisse* Marx first interpreted the exchange between capital and wage labour on the basis of the theory of value, formulating the theory of surplus value, which Engels regards as Marx’s second greatest discovery after the materialistic conception of history. This advance was made possible by Marx’s critique of the quantity theory of money, which allowed him to develop his value analysis from the starting point of an abstract sphere of circulation now coherently distinguished from internal circulation, identifying universal labour with the substance of the value of the *totality* of commodities.

In March 1858, aggravated health conditions prevented Marx from completing the *Grundrisse* and pushed him to achieve some results for publication. In June 1859 *A Contribution to the Critique of Political Economy, Part One* appeared, addressing issues later presented in the first three chapters of *Capital* Volume 1 such as the commodity and money. The fourth section of this chapter focuses on the international aspects of Marx’s theory of money in the second chapter of the *Contribution*. Marx planned to turn subsequently to the antagonism between capital and wage labour, a task that he considered to be directly revolutionary (CW41: 193). After completing *A Contribution*, he thus drafted a project plan for a third chapter on capital, articulated in three sections: production process of capital, circulation process and unity of the two processes: capital, profit and interest. This plan was the starting point of his 23 notebooks of manuscripts (dated 1861–3), which were intended as a continuation of *A Contribution*, the second draft of *Capital* after the *Grundrisse*.⁶ There Marx completed the theories of value and surplus value, and laid the basis for the analysis of the derived forms of surplus value (industrial profit, rent and interest), reproduction, the average rate of profit and the transformation of values into prices of production (Vydogsky 1976: 22–3).

If the concept of capital in general played an essential role in his theoretical elaboration, Marx came to question it in the course of writing the manuscript. In

1863, he devised a presentation plan that would inform the subsequent manuscripts for *Capital*, reducing the originally planned six books – on capital in general, ground rent, wage labour, the state, foreign trade and the world market – to one book, on capital. In this chapter I argue that the concept of capital in general represents the central core, but does not coincide with the concept of capital in his main work, in which Marx overcomes the sharp distinction between capital and competition, and, as we shall see, incorporates not only an analysis of rent, wage labour and interest, but also some elements he initially wanted to deal with in the books on the state, foreign trade and the world market. This interpretation questions a predominant conviction that Marx's starting point of analysis was a 'domestic' economy, which only in the last three books was to be 'understood in its external relations to other capitalist (and non-capitalist) countries, and ultimately as one element in a totality which embraces all countries' (Rosdolsky 1979: 27). In Rosdolsky's view (1979: 23), the themes contained in the last three books were therefore 'never fully assimilated within the second structure of the work'.

In the fifth section of this chapter I argue that Marx's integration of capital reproduction in the 1861–63 *Manuscript* allowed him systematically to incorporate expansionism into his analysis of accumulation, and to undermine the illusion of the autonomy of capital, which now appears to be entirely a product of wage labour. In *Capital* Volume 1, Marx more coherently started his presentation with the twofold character of the labour contained in the commodity, whose understanding is 'the pivot on which a clear comprehension of political economy turns' (CI: 132, corrected translation). The substance of value is social, *universal* labour, which progressively becomes so with the universalisation of the capitalist mode of production. The world market is not just a point of arrival but, using Marx's own words, it forms the 'presupposition of the whole' as well as its 'substratum' (G: 227–8). Overcoming the six-book plan did not involve a *restriction* of the original plan or a lack of consideration of the international sphere, but rather a more systematic integration of the international sphere into the analysis of capital and a postponement of the investigation of the modifications to the economic categories belonging to that sphere.

Marx's increasing attention to the international dimension was also due to historical and political reasons. The 1857–8 crisis was the impulse for a number of social movements in Europe, as workers began to mobilise again at trade union and political levels, and communications were established between workers' committees in different countries. Deeply shaken by the losses of the Crimean War, Russia witnessed the emergence of the movement for the suppression of serfdom, the US that for the abolition of slavery. In Asia, the Taiping Revolution continued and, despite the repression of the Indian Uprising in 1858, Marx believed that the revolt continued to smoulder among the population.⁷ Amending his previous view, moreover, in these years he realised the strength of the resistance exerted by Asian societies, China in particular, to the extension of trade (see Marx's letter to Engels of 8 October 1858, *CW*40: 347). Marx and Engels also concerned themselves intensively with the relation between race and

class in the American Civil War, and supported the Polish uprising of 1863. In 1864, the International Working Men's Association was founded, coming to embrace trade unions and political organisations in various countries in Europe and the US. These developments required and, at the same time, inspired a more comprehensive analysis of capitalism and revolution (Dunayevskaya [1958] 2000: 91; Anderson 2010). The Brussels Congress of the International in 1868 passed a resolution recommending that workers read the first volume of *Capital*, published in 1867. This chapter concludes by presenting the relation between capital, state and revolution emerging in it.

5.2 Exploitation–nation–world: the draft on Bastiat and Carey

In the draft on Frédéric Bastiat and Henry Carey (July 1857), Marx reflected on the relation between national and international spheres, presenting important considerations on his previous studies in political economy. In his view, political economy, as a science, ended with Ricardo and Sismondi; the subsequent literature presented eclectic summaries, such as John Stuart Mill's, or insights into special topics, such as the English writings on money and circulation, which he deemed as the *only* innovative branch of the discipline (see also *Con*: 341). For Marx, the writings on colonisation, landed property, population, etc. that we have presented at length in Chapter 4 were more complete in terms of content or had a wider diffusion, but were not original; they merely exaggerated tendencies that were already present in classical political economy.

It is altogether a literature of epigones; reproduction, greater elaboration of form, wider appropriation of material, exaggeration, popularization, synopsis, elaboration of details; lack of decisive leaps in the phases of development, incorporation of the inventory on one side, new growth at individual points on the other.

(G: 883)

For Marx, therefore, classical political economy had already laid the foundations for understanding the extraordinary range of historical and empirical materials that we have presented in Chapter 4.

To Marx, however, Bastiat and Carey seemed to be an exception. He defined them as 'vulgar economists' because they intended to deny the existence of antagonisms within capitalist society, and criticised Ricardo for revealing the theoretical opposition between capitalism and communism. In Marx's view, in presenting increases in surplus labour as a gain for workers, Carey gave theoretical expression, albeit in a mystified form, to specific US relations, using their superiority against British economists (Galander 1986: 33). While presenting capitalism as inherently harmonious, Carey attributed its contradictions to British industrial monopoly: after destroying the 'original' harmony between town and countryside at home, Britain had extended this division internationally, condemning other

nations to the subordinate role of raw material suppliers; a condition that they could avoid only by erecting protective tariffs. Bastiat, on the other side, opposed French socialists by taking England as a positive example and identifying French backwardness as the main cause of capitalist contradictions.

With Carey the harmony of the bourgeois relations of production ends with the most complete disharmony of these relations on the grandest terrain where they appear, the world market, and in their grandest development, as the relations of producing nations.... What Carey has not grasped is that these world-market disharmonies are merely the ultimate adequate expressions of the disharmonies which have become fixed as abstract relations within the economic categories or which have a local existence on the smallest scale. No wonder, then, that he in turn forgets the positive content of these processes of dissolution ... when he comes to their full appearance, the world market. Hence, where the economic relations confront him in their truth, i.e. in their universal reality, his principled optimism turns into a denunciatory, irritated pessimism. This contradiction forms the originality of his writings and gives them their significance.

(G: 886–7)

In this passage, the relation between national and international spheres is directly connected to that between the abstract and the concrete; differently from predominant interpretations (Rosdolsky 1979: 27; Block 1987: 81–5; Dussel-Yanez 1990: 76–7), however, Marx does not present the domestic as an abstract sphere and the world market as a concrete one, but highlights the dialectic relation between the two. As we have seen, Ricardo's elaboration of the labour theory of value allowed comprehension of capital's expansive logic, but his lack of analysis of the antagonism between capital and wage labour led to a shift from a value-based to a nation-based approach. The *negation* of this antagonism is the *starting point* of Carey, who presents capitalist relations as harmonious in the national sphere, which thus appears to be separate from the general sphere of capitalist relations. For Marx, on the contrary, it is Britain's internal relations that produce its monopoly on the world market, where capitalist relations appear in their universal reality and economic categories impose themselves. The world market is not a static sphere, but consists of the process of universalisation of capital.

While Bastiat traced back the harmony of capitalist development in a purely imaginary sphere, Carey acknowledged the existence of such an expansive logic only in the British case but, leaning on the US example, denied its economic root. Carey's universality was for Marx a 'Yankee universality'; his richness of '*bonafide* research in economic science', his large amount of statistical material, although uncritical, expressed his cosmopolitan curiosity, as evidenced, for example, by his attempts to compare wage levels in China, India, the US, Great Britain and France (see Chapter 4.5 in this book). 'France and China are equally close to him. [He is] always the man who lives on the Pacific and the Atlantic'

(G: 888). In his draft, Marx confirmed the critique of Carey that informed his journalistic activity for the *NYDT*. Denying the economic roots of imperialism, for Marx, Carey condemned its effects from a moral point of view, without recognising the positive content of its destabilising consequences. In his view, the devastating effects of British industry on India were the inherent organic results of capitalist ‘centralisation’ (*CW12*: 222), which was also the driving force of the opium trade and the wars on China.⁸ As discussed in the previous chapter, however, while fiercely denouncing the barbarity of British colonialism, Marx also identified the potentially regenerative results of market expansion in Asia.

Several scholars attempt at ‘rehabilitating’ Marx’s analysis of India in his 1857–8 articles in light of his support for the Indian Uprising, which contradicts his 1853 view of the ‘dual mission’ of British colonialism. Pranav Jani (2002: 82), for example, holds that in these articles Marx began ‘to theorise the self-activity and struggle of colonised Indians’. For Kevin Anderson, they provide ‘evidence of Marx’s shift toward a more anticolonialist position’ (2010: 37). This interpretation, from my point of view, is based on a unilateral reading of Marx’s analysis in 1853 – conceding too much to the Saidian and postcolonial critique – and also ignores that in his draft on Bastiat and Carey, written five months after the outbreak of the Sepoy Uprising, Marx had not changed his mind on the revolutionary character of market expansion in Asia. In a letter to Engels the following year, moreover, he argued that, with the colonisation of California and Australia, and the inclusion of China and Japan, the bourgeoisie had realised its world-historical task of creating the world market (*CW40*: 346–7). Understanding Marx’s position on Asia requires, in my opinion, a more articulated interpretation of his view of capital accumulation and pre-capitalist societies.

5.3 *Grundrisse*: capital in general

In the Introduction – probably written between August and September 1857 – Marx outlined the methodological premises of his work and a first scheme for his critique of political economy, reflecting his intention to present capital as an organic system: the world market, as a ‘rich totality of determinations’, is both the point of departure as well as of arrival. Marx follows the method of ‘rising from the abstract to the concrete’ initiated by the classical political economists, Ricardo in particular, but substantially transcends it in the light of his revolutionary critique. Ricardo, as we have seen, had presupposed a completely globalised capitalist mode of production. Because of his class position, however, he failed to analyse the wage-labour relation, and to distinguish labour and labour capacity (*Arbeitsvermögen*).⁹ For Marx, this was the source of all contradictions between form and content of wealth within classical political economy. By naturalising the capitalist relation, Ricardo was unable to understand that his own premise of a completely globalised capitalist system was also a result of the development of the system itself. His abstraction was formal, the result of a lack of abstraction in the analysis of the wage-labour relation, in which he confused concrete and formal determinations.

In the *Grundrisse*, Marx aimed at overcoming Ricardo's contradictions through an exact understanding of the wage-labour relation. Indeed, in his view, 'the sharp formulation of the basic presuppositions of the relation must bring out all the contradictions of bourgeois production, as well as the boundary where it drives beyond itself' (*G*: 331). Marx agreed with Hegel's critique of the deductive method, the premises of which are typically justified by the claim they derive from some direct encounter between thought and reality (Callinicos 2014, Chapter 3). Differently from Hegel, however, for Marx the concrete in thought must be kept distinct from its presupposition, the real subject: society. In Chapter 2 we have seen that Hegel also ended up by naturalising capitalist society, looking to the spiritual sphere for the point of unification of a divided reality. Distinguishing the concrete in thought and its social presupposition is possible only through acknowledging the *historicity* of such a presupposition. It is at this point that the nexus between theory and praxis becomes central. Marx understood his own work as an active force within the 'real movement that abolishes the present state of things'. Only by acting within this movement could the theoretical critique conceive of capitalist society as a contradictory and transitory system, identifying the conditions for its overthrow that are present in it.

Starting from the abstract determinations common to all social formations, in the *Grundrisse* Marx aimed at developing the historical-specific categories of capitalist society, relying upon the three fundamental classes: capital, wage labour and landed property. He then wanted to turn to the synthesis of capitalist society in the state and to its imposition on the multiplicity of states on the world market, as manifested by crises (*G*: 108). Marx envisioned carrying on this project in six books. In the first he intended to examine the concept of capital in general as opposed to its real movement: competition, credit and share capital.¹⁰ With the category 'capital in general', he sought to grasp both the specific difference of capital compared to all other forms of social organisation, and a particular form existing along with those of the particular and of the general (*G*: 449–50). In the relationship between particular and general, the movement of capital originates, as a particular element tending towards totality (see also Borrelli 1975: 12). In determining the concept, Marx abstracts from competition, which is, however, inherent to capital: historically, the imposition of free trade and the negation of the guild system played a key role in the genesis of the capitalist mode of production. Competition, moreover, represents the relation of capital to itself and, therefore, its real development: it imposes itself as an external necessity that corresponds to capital's essence. The more competition develops, the purer capital's forms of movement appear (*G*: 413–14).

The second book then had to turn to ground rent. Despite being the *historical* basis of capitalist relations, rent *logically* follows capital since it is a part of produced surplus value transferred to landowners. Capital *creates* modern landed property by transforming previous existing relations, leading to a process of proletarianisation that universalises the wage-labour relation. Wage labour in its classic form is initially created by modern landed property. This is why landed property leads back to wage labour (*G*: 276–7), the object of Book 3. While in

Book 1 the value of the labour capacity was assumed as given, this book had to deal with workers' concrete needs, the price of the labour capacity, and various forms of wages (daily, weekly, piece, hourly wages, etc.) (*CW*30: 44–6). It is worth stressing that, in discussing the transformations of social relations in the countryside, Marx argues that Britain was 'the model country for the other European continental countries' (*G*: 277), thus limiting the validity of his own analysis of the transition to capitalism to Western Europe already in the *Grundrisse*, and not in the French 1872–5 edition of *Capital* Volume 1, as generally believed (see, for example, Anderson 1983: 77; 1998: 134).

Already in Marx's 1858–9 plans, moreover, the last three books had to be simple sketches, focused on the fundamental issues.¹¹ The fourth was devoted to the relation between bourgeois society and the state, including state action *inward* (taxation, public debt, population, etc.) and *outward*, namely its support to the 'international relation of production' (colonies, foreign market, exchange rate, money as an international currency).¹² The fifth book then turned to the foreign market; it had to deal with the modifications to abstract categories such as commodity, value, money, division of labour, competition, with the laws of circulation of precious metals and the influence of foreign trade on the rate of profit. The sixth book was supposed to address the world market as a concrete reality: the *Übergreifen* of bourgeois society over the state, i.e. the imposition of its laws over the multiplicity of states, as becomes evident in times of crisis, which express the necessity of overcoming the system itself. In the last book, therefore, Marx wanted to address the actual dynamics of capital universalisation and the development of its historical alternative, communism (*G*: 227–8).¹³

In light of this plan, in October 1857 Marx wrote the notebook on exchange value, money and prices and, in mid-November, that on capital. If the first exchange is the 'the *available* overflow of an overall production which lies outside the world of exchange values' (*G*: 227), money is the universal commodity from both spatial and temporal points of view; 'as the general form of wealth, the whole world of real riches stands opposite it' (*G*: 233, 231). Capital derives from the third form of value – world money – referring negatively to circulation (*G*: 449) and being exchanged for living labour. Marx here presented for the first time his scientific understanding of exploitation and of surplus value, consisting in the gap between the value produced and the value appropriated by the workers in the form of the wage, the latter corresponding (ideally) to the value of workers' labour capacity. He also for the first time presented the division of capital into *constant* and *variable* capital, and the difference between absolute and relative surplus value. The accumulation of industrial capital, which derives historically from merchant and usurious capital, extends the division between town and country on an international scale through the expansion of trade and investment. The technical division of labour led to an extension of the international division of labour up to the point that 'the general foundation of all industries comes to be general exchange itself, the world market, and hence the totality of the activities, intercourse, needs etc.' (*G*: 528).

Capital creates appropriate means of communication and transport, which become a condition for accumulation and a sphere of investment. For Marx,

circulation time belongs to production even though it subtracts value, and is therefore a time of devaluation. The spatial condition, therefore, is subsumed under the production process. Capital tends to 'annihilate space through time': an expansive process that is strengthened by accumulation (*G*: 524, 539), since it creates more exchange points and propagates the new mode of production.

The tendency to create the *world market* is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome. Initially, to subjugate every moment of production itself to exchange and to suspend the production of direct use values not entering into exchange, i.e. precisely to posit production based on capital in place of earlier modes of production, which appear primitive [*naturwüchsig*] from its standpoint. *Commerce* no longer appears here as a function taking place between independent productions for the exchange of their excess, but rather as an essentially all-embracing presupposition and moment of production itself.

(*G*: 409)

Marx maintained the existence of such a universalising tendency despite his greater awareness of the resistance of Asian societies to the extension of the capitalist mode of production.¹⁴ He affirmed, however, that in the exchange between industrial capital and pre-capitalist societies, like the Chinese, the former absorbed value from the latter and incorporated it in its circulation process even without extending the new mode of production (*G*: 729). In the case of settlement colonies, on the other hand, capital continuously faced, as Wakefield argued, the necessity of creating modern landed property as its own premise (*G*: 278). While for Ricardo ground rent was a parasitic and extrinsic element, colonisation provided a compelling example of the necessity for capital artificially to create ground rent in order to reproduce itself in societies where land was free and abundant.

In the *Grundrisse*, Marx for the first time developed his reflections on capital reproduction, without yet grasping their full significance. As we shall see, his further elaboration of this point in the 1861–63 *Manuscript* will lead to his eventual change of plan in 1863. If the starting point of his presentation in the *Grundrisse* is money and circulation, Marx then tried to analyse capital as presupposition and result of production. In considering the system's reproduction, circulation appears as 'a moment of production itself' (*G*: 407). The reproduction process dissolves the appearance of the autonomy of value and of capital's contribution to production: the separation between property and labour appears to be a product of labour itself, and property a result of the appropriation of labour without equivalent (*G*: 453–5, 458).

Capital's expansion is based, for Marx, on the expansion of the working class, which is therefore not confined by national boundaries but is part and parcel of accumulation: its growth represents 'an *element in the increase* of exchange values' (*G*: 349). Grasping theoretically the international nature of the working class was a fundamental premise for identifying abstract labour as the substance

of the value of commodities and the overarching tendency of the system.¹⁵ In Marx's view,

if labour time is regarded not as the working day of the individual worker, but as the indefinite working day of an indefinite number of workers, then all relations of population come in here; the basic doctrines of population are therefore just as much contained in this first chapter on capital as are those of profit, price, credit, etc.

(G: 539–40)

The tendency toward overpopulation stems from the increase in productive forces, aimed at reducing the necessary part of the working day while lengthening the part in which surplus value is produced. Translating time into space, by reducing the necessary part of the working day capital tends to decrease the necessary part of the working class: a contradiction expressed but not grasped by modern population theories.¹⁶ For Marx, the concept of free worker already implies that workers are poor: devoid of the means of production and forced to sell their labour capacity in exchange for a given value expressed in a salary, which is necessarily lower than the value they produce. Overpopulation and pauperism, in their turn, result necessarily from the development of productive forces.

Seeking to incorporate into the concept of capital in general its universalising tendency, in the book on capital Marx anticipated some topics planned for Book 5 on foreign trade (Tuchscheer 1968: 415). Marx, in fact, turned to Ricardo's theory of international trade, which he deemed 'erroneous' because it supposed that international trade produces only use value (G: 327). For Marx, foreign trade allowed for increases in exchange value, which did not result from the loss of a country at the expense of another (G: 872). Differently from in his London Notebooks, Marx now addressed this question on the basis of his theory of surplus value, which laid the basis for the theories of the average rate of profit and of prices of production. He could thus trace back the surplus profits obtained in international trade to differences in productivity levels (G: 315–16). Criticising Ricardo's theory of reproduction, Marx pointed out that productivity growth allowed for increases in the value of capital and, therefore, in money as money, *absolute exchange value*. By distinguishing 'simple' and 'enlarged' reproduction,¹⁷ Marx argued that 'in a static state, this liberated exchange value by which society has become richer can only be money [...]' (G: 348). If this surplus value is reinvested in production, however, money can initiate an expanded reproduction, setting in motion the latent labour force, generating a supply of new workers, or enlarging the sphere of circulation by producing new exchange values or expanding trade.

Progressively, an increasing proportion of exchange values finances the expansion of reproduction. Sketching what he will later define as the law of the tendency of the rate of profit to fall, Marx argues that the larger the surplus value

before the increase in productivity, the less it grows as a result of it: capital self-valorisation becomes more and more difficult the more it proceeds.

The increase in productive force in a given relation can therefore increase the value of capital differently e.g. in the *different countries*. A general increase of productive force in a given relation can increase the value of capital differently in the different branches of industry, and will do so, depending on the different relation of *necessary labour* to the living work day in these branches. This relation would naturally be the same in all branches of business in a system of free competition, if labour were simple labour everywhere, hence *necessary labour* the same.

(G: 340)

In the *Grundrisse*, Marx sketched a first analysis of the formation of the general rate of profit, claiming that the capitalist class produces a *total* surplus labour and participates in its redistribution according to the ratio-size of their individual capitals rather than to the surplus value they actually generated (G: 434–6). He thus laid the basis for understanding how capitals in most advanced nations appropriate surplus profits on the world market. Since the equalisation of profit rates takes place through competition, which he planned to analyse in a specific book, he did not delve into it on this issue, but noted that

from the possibility that profit may be *less than* surplus value, hence that capital [may] exchange profitably without realizing itself in the strict sense, it follows that not only individual capitalists, but also nations may continually exchange with one another, may even continually repeat the exchange on an ever-expanding scale, without for that reason necessarily gaining in equal degrees. One of the nations may continually appropriate for itself a part of the surplus labour of the other, giving back nothing for it in the exchange, except that the measure here [is] not as in the exchange between capitalist and worker.

(G: 872)

Marx's theory of surplus value, therefore, laid the foundation for addressing the problem of the modification of the law of value on the world market: a question that, as we shall see, he will deal with in his 1861–63 *Manuscript* in light of his theory of the average rate of profit and of prices of production.

5.4 'Primitive accumulation' and the Asiatic mode of production

In the *Grundrisse*, after examining the process of capital's (re)production, Marx turns to that of so-called primitive accumulation, which created its very conditions: capital on the one side, and a class of workers only owning their labour capacity, their immediate corporeity, on the other (see Schmidt 1983). This

process is investigated in the sections 'Original accumulation of capital' and 'Forms which precede capitalist accumulation (the process that precedes the formation of the capitalist relation or primitive accumulation)'. In these sections, as in the Introduction of 1857 and in the body of the *Grundrisse*, Marx still wrote of Oriental societies and Oriental despotism, but developed at the same time the means of overcoming these concepts. In the Preface to the 1859 *Contribution*, he moved from the category of society to that, more specifically, of mode of production; his formulation of the Asiatic mode of production remains constant through the composition of *Capital* (Krader 1975: 97, 120).¹⁸

In this section I examine the link between the so-called primitive accumulation, the Asiatic form and later mode of production, and Marx's view of civilisation and revolution. For Marx, the *unity* of mankind with the earth – its first means of production and basis of the community – is the starting point of historical development and, as such, does not need explanation; only their cleavage does (*G*: 471). Property originally meant the relation of the working subject to the conditions of its reproduction (*G*: 495) whereby every individual, as a member of the community, was an owner or a possessor of the land. This relationship varied greatly in form, but all social forms (Oriental, Slavic, ancient and Germanic), for Marx, presupposed community ownership. That explains why, in the *Grundrisse*, he seeks to trace the process of dissolution of such an original unity.

In *The German Ideology*, Marx and Engels had argued that the tribal form was the first 'form of ownership', but did not delve into the analysis of non-European societies. Since his studies of India had shown traces of the ancient communal property at the basis of the Asiatic form, Marx could now affirm that this form preceded the system of Oriental despotism. He thus distinguished the concrete communal property from the abstraction of property rights in the sovereign's hands: nominal and symbolic property did not correspond to the traditional rights to ownership and usufruct; contrary to Bernier's claims, moreover, in India community and even individual rights on land existed (Patton, Wilks). Thanks to Murray, Marx questioned the existence of an absolute sovereign's right to the land: an idea, inconceivable in pre-capitalist societies, linked to the interests of the English East India Company. From Patton, he came to know an interpretation of the condition of the peasants that reversed that of Bernier. These studies allowed him to formulate a theory of the Asiatic form as based on a kind of common ownership more resistant to the evolution of private property than the Greek, Roman and Germanic forms.

Communal property has recently been rediscovered as a special Slavonic curiosity. But, in fact, India offers us a sample chart of the most diverse forms of such economic communities, more or less dissolved, but still completely recognizable; and a more thorough research into history uncovers it as the point of departure of all cultured peoples. The system of production founded on private exchange is, to begin with, the historic dissolution of this naturally arisen communism.

(*G*: 882)¹⁹

Although Asia had a central place in Marx's elaboration of the concept of the Asiatic mode of production, this is not limited either geographically or temporally to Asia, but also refers to pre-Columbian societies and to European societies as well, including Slavic societies and Moorish Spain.²⁰ The Asiatic form was a social system in which workers had not yet been separated from the land, the unity of agriculture and manufacture was not yet broken (*G*: 493), there was no antagonism between cities and the countryside, and the economy was integrated with the sphere of the community or family relations. In this form, the unity of the communities *appears* to be something particular beyond them, but the communities are the effective owners of the land and the real foundation of the state.²¹ Being the personification of the overall unity, the sovereign appropriated the surplus agricultural product of communities or families by means of taxes, and could make use of their collective labour for public works.

Marx accepted Smith's and Jones's thesis that in this system rent and taxes coincided, and Campbell's description of communities as self-sufficient sovereigns. Differently from Smith, he stressed Bernier's thesis of the fundamental union of town and country, reformulating it in his conclusions on the unity of agriculture and manufacturing production at village level (Krader 1975: 155, 101). In Asian societies, in Marx's view, the state carried out certain public roles that could not be realised at village level, such as irrigation and communication (*CW*12: 125).²² The organisation of public works by the state was linked to a specific form of surplus-labour extraction later defined as the Asiatic mode of production (Rahman 2010). Marx, therefore, introduced an analysis of social relations in Asia as antagonistic: since the Asian form is the first in which the division of labour, exploitation and the state emerge, it could only be understood on the basis of a critique of political economy.

The communities – characterised by different levels of despotism and democracy – represented a unity of tax/rent collection, whose forms varied from families to the 'lordly *dominium*' (Slavonic and Rumanian communes) to collective work (Mexican, Peruvian, Celtic and Indian communities). For Marx, their structure prevented the development of a more complex division of labour; intermediate social classes existed but were not powerful (Sawer 1977: 45). This view does not exclude the existence of exchange networks between communities, which could also carry out local hydraulic works themselves (see Ahmad 1992: 241; Banaji 2010: 16). Marx was also well aware that, since the beginning of the modern epoch, money circulation had developed between America and Europe on the one side and Asia on the other side. In his view, however, commodity exchange was external to the communities and was primarily connected with excess production (*G*: 227). Exchange principally took place amongst the communities but not with the cities, which developed where there were opportunities for foreign trade and where the sovereign resided (Vries 2003: 26–7). This separation between production and trade explains why, in Marx's view, this social form had no internal tendency towards structural transformation, thus giving the impression of an overall 'stagnation' (Krader 1975: 168). Contemporary scholars of tributary empires speak of 'development' without 'evolution': in empires as

distant in time and space as the Roman, the Mughal and the Ching, similarities were not offset by a development of the productive forces that transformed decisively the structure of society (Bang 2003: 213). For Marx, this was not synonymous, however, with lack of development *tout court*, or with a stagnant technology, as Ahmad maintains (1992: 241). On the contrary, in his view, the high level of productivity of the Asiatic mode of production constituted a barrier to the expansion of European markets. The aim of the colonial powers was to appropriate the strength of the state for themselves, precisely in order to destroy the fundamental union between agriculture and domestic industry, and to force production activities to specialise in the primary sphere.

Among the multiplicity of economic systems existing between communal social formations and the modern world, in the *Grundrisse* Marx analysed the Roman and Germanic ones. He did not examine the factors that determine the transition from one form to another (Wood 2008: 85),²³ as in the chapter on 'primitive accumulation' in *Capital*, moreover, he focused on the process of separation of the peasants from the soil – the premise for the genesis of the farmer and the proletariat – and on the concentration of merchant and usurious capitals later invested in industrial production (*G*: 509). Many elements are scattered throughout the notebooks that will be presented in *Capital* Volume 1, but we do not find a systematic analysis of the genesis of the capitalist mode of production and of the state's role in it. This is probably due to the fact that, at the time, Marx still planned to write a specific book on the state. As in *Capital*, however, he analyses the origins of capitalism along with the conditions for its supersession. In the *Grundrisse*, this link is even more explicit than in *Capital*. Marx argues, in fact, that while in pre-capitalist societies production is aimed at the reproduction of the community, under capitalism the increase in productive forces dissolves the community, but lays the premises for a new synthesis between individual and the 'human community' as a whole (*G*: 488). The basis of human activity – industry – is no longer a natural, but a historical one. Given this presupposition, the separation between labour and property tends to disappear as a hindrance to human progress (*G*: 496–7).

Capital is from the beginning a concentrated power bringing together workers first through exchange and then through the concentration of production (cooperation, manufacturing, large-scale industry). Workers generate a cooperative force that is personified by and subsumed under capital (*G*: 590). In transforming the world they transform themselves and new needs emerge (Cohen 1978: 23). The constantly expanding system of the division of labour and the resulting evolving system of needs are, for Marx, the two main roots of capital's 'propagandistic (civilising) tendency': 'a property exclusively of capital – as distinct from the earlier conditions of production' (*G*: 542, 409). Criticised as 'the fruit of a historicist and Eurocentric conception of history' (Tomba 2013: 72), these passages reflect both similarities with and differences from Hegel. Hegel's concept of *Bildung*, in fact, denoted a form of social knowledge linked to the development of productive forces: the rational relation with external nature established in industrial society represented an element of liberation. In

continuity with this conception, which had its roots in the tradition of the Scottish Enlightenment, Marx saw a close connection between the principle of industry, history and freedom (Cohen 1978: 23), but reinterpreted it in the light of his immanent critique of private property, which allowed him to incorporate the critiques of capitalist civilisation raised by the utopian socialists. Differently from the latter, however, Marx believed that the structural transformations allowed for by the monetary economy and, at the highest degree, by industrialisation had laid the foundations for the revolutionary overthrow of capitalism by the working class. That's why he speaks of a civilising tendency of capital, which consisted in its being a 'mere point of transition' from the 'prehistory' of humanity to the real human society (*G*: 540; *CW*29: 264). In my view, however, Marx's use of the concept of civilisation, albeit critical, reflected a still incomplete understanding of capitalist uneven and combined development (U&CD), and was to disappear from his main work.

Only against the backdrop of this broader vision of development can we interpret Marx's sequence of 'forms' or 'modes' in the *Grundrisse* and in *A Contribution*. Even if it is certainly true that Marx did not see this sequence as a chronological succession (Hobsbawm 1964: 36–7), he also did not understand the 'forms' or 'modes' as isolated, self-contained wholes, but against the backdrop of a process of capitalist accumulation, which includes a continuous interaction with previous social forms (Krader 1975: 177) and lays the conditions for its own supersession.²⁴ Disjoined from such a broader understanding, as Krader rightly underlined (1975: 96), any discussion of the epochs or forms would be 'undialectical and false', and yet this is what such a discussion 'has accomplished until this time'. If Marx already challenged stageist visions of development in his 1845 draft paper on List, he later asked himself whether mankind could 'fulfill its destiny without a fundamental revolution in the social state of Asia' (*CW*12: 132), but he did so in order to identify the necessary conditions for the victory of international revolution, and not the developmental stages that every people, considered in isolation, had to go through in order to reach 'socialism'.²⁵ It was the deepening of his understanding of the mechanisms of capitalist U&CD that led Marx to elaborate a more differentiated analysis of pre-capitalist social formations, identifying the social antagonisms shaping them and, therefore, their revolutionary potential.²⁶ As San Juan argued (2002: 63), the concept of the Asiatic mode of production 'functioned as a heuristic tool' eliminating any teleological determinism in Marx's understanding of history. The formulation of this concept, moreover, was closely related to his growing awareness of the importance of anti-colonial struggles within the international revolutionary movement. This overall perspective, in my view, questions the decades-long debate on Marx's unilinearity or multilinearity, which rests on an atomistic interpretation of development and focuses on the formal sequence of forms, without relating its content to Marx's perspective beyond capital (see Currie 1984: 253).

In the late 1850s Marx was clearly re-elaborating his view of permanent revolution. In 1856, he recognised the limits of his previous perspective,

writing to Engels that ‘the whole thing in Germany will depend on whether it is possible to back the proletarian revolution by some second edition of the peasants’ war’ (*CW*40: 41). In the London Notebooks, moreover, he had questioned his previous view of an immediate link between crisis and revolution in Western Europe, where, as Engels maintained in his letter of 7 October 1858, a labour ‘aristocracy’ was emerging (*CW*40: 343). Marx argued that, with the formation of the world market, the bourgeoisie had accomplished its historical role and asked himself whether a European social revolution would have been crushed in Europe, that ‘little corner of the earth’, since capitalism was ascending over a far greater area (*CW*40: 346–7). While Engels had previously welcomed the defeat of the Algerian resistance and the US annexation of Mexico, he then supported anti-colonial resistance led by religious forces, as was the case in Algeria (*CW*18: 67–9).

Marx changed his attitude towards Russia, a society he previously judged as hopelessly conservative: the movement for the emancipation of the serfs indicated the beginning of ‘an internal history’ of the country that could ‘counter-act its traditional foreign policy’ (Marx to Engels, 29 April 1858, *CW*40: 310). As Kevin Anderson pointed out (2010: 55), Marx for the first time referred to the *mir*, the traditional village community, as a possible point of revolutionary resistance (17 January 1859, *NYDT* article, *CW*16: 146–7). ‘The most momentous thing happening in the world today’, Marx wrote in 1860, was ‘the slave movement’ in America and in Russia. A ‘social movement’ had been started ‘both in the West and in the East’ (Marx to Engels, 11 January 1860, *CW*41: 3). As his 1882 preface to the second Russian edition of the *Manifesto* shows, Marx consistently thought that such a movement needed to link with a social revolution in Europe in order to have a socialist outcome.²⁷

During the Second Opium War (1856–8), Marx and Engels condemned ‘the piratical policy of the British Government’, which caused a ‘universal outbreak of all Chinese against all foreigners, and marked it as a war of extermination’.²⁸ Supporting Chinese resistance, Marx predicted that, even despite a third war of aggression, the British would have never been able to conquer the country. Unlike in India, in China they had failed to seize state power and were thus unable to overturn the basis of its economy. Because of its high productivity, the Chinese economy managed to keep prices competitive and to guarantee the rural populace comfortable living conditions (see also *CIII*: 451).

It is this same combination of husbandry with manufacturing industry, which, for a long time, withstood, and still checks, the export of British wares to East India; but there that combination was based upon a peculiar constitution of the landed property which the British, in their position as the supreme landlords of the country, had it in their power to undermine, and thus forcibly convert part of the Hindu self-sustaining communities into mere farms, producing opium, cotton, indigo, hemp, and other raw materials, in exchange for British stuff. In China the English have not yet wielded this power, nor are they likely ever to do so.²⁹

5.5 The international aspects of Marx's theory of money

In *A Contribution to the Critique of Political Economy* (1859), Marx for the first time systematically develops his own theory of value. In the first chapter, he presents the dual nature of the labour contained in the commodity as a unity of use and exchange value. The labour expressed in the latter is abstract, simple, uniform and undifferentiated labour in which the worker's individuality disappears. The reduction of the individual to simple and socially necessary labour takes place first through exchange and imposes itself progressively in production, with the generalisation of the wage-labour relation. While Rubin (1972: 154, 155–6) maintained that the reduction of individual to abstract labour occurs solely through exchange, this reduction is also a *product* of the capitalist mode of production, and achieved adequate basis with the Industrial Revolution (see Pradella 2010: 55; Saad-Filho 2002: 55–62; Callinicos 2014: 180). As it is not immediately social, abstract labour must *necessarily* express itself in value and, therefore, in money. Hence, for Marx, Gray's 'labour-money' proposal was absurd (see Chapter 4.2 in this book).

Marx, therefore, derived the necessity of money from his analysis of the commodity form. In this light, in the second chapter he turned to the theory of money (*Con*: 303), which embraces money in general as well as the fully monetary system of modern capitalism.³⁰ These two levels of analysis are not in a relation of exteriority: the development of money circulation is both a *presupposition* and a *result* of the capitalist mode of production, whose universalisation tends towards the realisation of the nature of money as general, universal equivalent. The international aspects of Marx's theory of money, in my view, have been underestimated in most interpretations of it, which assume a linear passage from a national to an international level of analysis, held to begin with the discussion of world money (see de Brunhoff 1976; *MEGA*² IV/7: 26*; Saad-Filho 1993; Lapavistas 1996, 2000; Moseley 2005).

Let us follow Marx's presentation more closely. In exchange, commodities exclude a specific commodity, gold, which is *measure of value*, the general equivalent that expresses their value and gives rise to their *price*. It is the commensurability of commodities as objectified labour time that turns gold into money. The dual existence of commodities as use values and exchange values, and the difference between the latter and their price, imply the necessity of their alienation and, with it, the *possibility* of their non-alienation. The commodity form already contains, for Marx, the entire contradiction of the capitalist mode of production as a whole. Money and exchange are *relational* concepts, implying the existence of a plurality of societies, and they *historically* appeared at the boundaries of communities.³¹ Internal circulation developed later, when governments legally determined gold as a unit of measure through different monetary denominations, making money *currency*. For Marx, however, money as a general measure of value remains the basis of national measures and has a *primacy* over them.

The dual nature of the commodity unfolds and crystallises in the form of *currency* and of *money*: this change is represented in the two different circuits,

C–M–C and M–C–M. The first is the immediate form of circulation, flowing into consumption (C–C), where money seems to be a simple, vanishing *means of circulation* of use values. As we have discussed in Chapter 1, for Marx classical economists like Smith and Ricardo lacked a theoretical understanding of the formal aspects of economic relations, and were thus unable to form a correct conception of money (CW30: 398). By focusing mainly on the material side of the relation, in fact, classical and then vulgar political economists represented the circuit C–M–C as a unity of sale and purchase. They thus denied the possibility of crisis both at the national and at the international levels, which they considered to be two separate spheres. Say, who had appropriated James Mill's reduction of the process of circulation to direct barter, was then proclaimed by his 'continental admirers' 'as the discoverer of the invaluable proposition about a metaphysical equilibrium of purchases and sales' (Con: 333, note). Despite the *possibility* of the unity of purchases and sales, for Marx, their separation is fundamental, and contains the general possibility of commercial crises.

Formalising his critique of the quantity theory of money, Marx argues that, even though the element of continuity in circulation lies in money and commodity circulation expresses itself in money circulation, commodity circulation is its presupposition.

If the velocity of circulation is given, then the quantity of the means of circulation is simply determined by the prices of commodities. Prices are thus high or low not because more or less money is in circulation, but there is more or less money in circulation because prices are high or low.

(Con: 341)

The amount of gold in circulation, for Marx, depends on the prices of circulating commodities and on the velocity of circulation; the mass of metallic means of circulation is variable, and gold enters or exits circulation according to need. The functions of money, therefore, cannot be reduced to that of means of circulation; even as a sign of value money presupposes hoarding, which, for Marx, does not belong to circulation. Once the state defines the ratio between paper money and gold and issues it, a separation between internal and general circulation emerges. This separation, however, is not substantial. Since any currency represents a certain amount of gold, between currency and gold there is only a technical, formal difference. Gold, as universal equivalent, 'circulates not only within the boundaries of a given territory [in the form of currency] but also on the world market' (Con: 345–6).

Given the symbolic function of the currency, *within* a country subsidiary means of circulation, such as paper money, can be introduced and function as signs of value. The existence of gold as a currency, however, emerges from the process of circulation, and not by an autonomous act of the state, whose power is for Marx a *mere illusion* (Con: 354). Since the proportion in which the currency replaces gold and silver depends only on its *quantity*, the *sign* of value seems directly to represent commodity value. In the light of this *apparent* inversion of the laws of money circulation, economists like Ricardo and the theorists

of the Currency Principle attributed a non-existent power to the state to act independently of the law of value. For Marx, however, states can issue any amount of currency but once in circulation the sign of value is subordinated under its laws.³² As Suzanne de Brunhoff (1976: 35) rightly underlines, Marx's critique of the quantity theory of money is not circumscribed to specific forms of money. 'Marx completely rejects the Quantity Theory of Money; to accept it on a limited point would undermine the logic of his monetary theory' (de Brunhoff 1976: 35).³³ This argument is of the highest importance: it is only with the critique of the quantity theory of money, in fact, that Marx scientifically grounded his thesis of the subordination of the state to the law of value.

A scientific understanding of the formal aspects of the relation M–C–M, in Marx's view, presupposes more developed production relations and an analysis of capital in general. In this relation, in fact, money appears as money, as the real goal of M–C–M', which implies the inversion of the commodity circuit into the capital circuit. *All* commodities, in their prices, represent gold, which is the material representative of abstract social wealth, the 'god of commodities' (*Con*: 359). Currency becomes money as soon as its movement is interrupted; its constant circulation, moreover, is based upon *hoarding*, which is not only the first historical form in which abstract social wealth was held but also a permanent condition of circulation. With bills of exchange, moreover, buyers and sellers become debtors and creditors on the basis of legally enforceable contracts, and money can function before being actually present, revealing itself as an absolute commodity *within* circulation. Allowing the volume of simultaneous transactions to expand without being restricted by a given money stock, money as a means of payment is the basis of the credit system (Campbell, M. 2005: 157).

This special function, ignored by the classics (see Chapter 4.2 in this book), expands with the development of capitalist production and the intensification of its international relations, in which money performs again its original function as a means of exchange *between* communities (*Con*: 376). Leaving domestic circulation and functioning as world money, for Marx, money 'reverts to its original natural form' shedding 'the particular forms occasioned by the development of exchange within particular areas' (*Con*: 381). At this level, gold and silver do not appear as means of circulation, but as *universal means of exchange*, as means of purchase and payment. Commodities unfold their exchange values, their being a materialisation of abstract labour, and become adequate to their essence as world money. This happens in the degree that the world market and the capitalist mode of production develop. 'Gold and silver as gold money are therefore both the products of the universal circulation of commodities and the means to expand its scope' (*Con*: 383–4).

When payments compensate each other, money appears just as an ideal currency. The same integration that removes the monetary barriers through the generalisation of creditor–debtor relationships, however, also extends the scope and the impact of any halt in the flow of payments, giving rise to monetary crises (Campbell, M. 2005: 158). If monetary crises presuppose the existence of the credit system, in the wake of them the credit system suddenly transforms into a

monetary system, generalising the need for money. Money as gold, in its original form of bullion, thus appears again as absolute wealth. Crises confirm the claim of the mercantilists, defined by Marx as ‘misunderstood prophets’, that the real goal of capitalist production is the accumulation of exchange value. Crises add ‘theoretical dismay to the actually existing panic’, as ‘the agents of the circulation process are overawed by the impenetrable mystery surrounding their own relations’ (*Con*: 378–9). Marx understands his theory of money as a real, not abstract, supersession of the system of the mercantilists, made possible by the development of the theory of surplus value. While money is the basis of capital, in fact, the development of the theory of money requires a mode of production founded on capital *and* the development of the theory of surplus value (*G*: 251).

5.6 The 1861–63 *Manuscript*: from capital in general to capital

The comprehension of the cycle $M-C-M'$ presupposes an analysis of capital in general, which Marx endeavoured to present in his 1861–63 *Manuscript*. In the *Grundrisse*, his starting point was particular capital, from which he deduced the general characteristics belonging to each capital. In considering only the common characteristics, however, an indifference of the particulars towards each other was presupposed. For Hegel, this is the lowest form of generality, which remains calm in itself, while ‘the true, infinite universal’ ‘differentiates itself internally, and this is a *determining*, because the differentiation is one with the universality. Accordingly, the universal is a process in which it posits the differences themselves as universal and self-related’ (Hegel 1969: 605). The concept capital in general is a premise for the conceptualisation of capital, but represents an empty generality, which does not include its concrete determinations. Only in this unity, however, does the concept reflect the richness of the object, its overall movement, and becomes a ‘concrete’ generality. The concept capital in general, separate from competition, has therefore inherent limitations: the relation between ‘individual’ and ‘general’ is only formal. Capital appears to be a sum or part of the whole (Müller 1978: 36), without real *reciprocity*. Marx was aware of this limit, to the extent that he affirms, in a note:

Since value forms the foundation of capital, and since it therefore necessarily exists only through exchange for *counter-value*, it thus necessarily repels itself from itself. A *universal capital*, one without alien capitals confronting it, with which it exchanges – and from the present standpoint, nothing confronts it but wage labourers or itself – is therefore a non-thing. The reciprocal repulsion between capitals is already contained in capital as realized exchange value.

(*G*: 421, note)

In the *Grundrisse* Marx had not yet managed to integrate movement into the concept of capital in general (Jahn 1986: 85). In writing his 1861–63 *Manuscript*,

the limits of this approach appeared evident. Marx elaborated new elements of his system such as the theories of reproduction, average rate of profit, prices of production, rent, commercial profit and interest: all belonging to the sphere of competition. The presentation of capital could not only focus on its core antagonism with wage labour, but had to include its division *among* various capitalists and *with* the landowners. In January 1863, Marx drafted a new plan, which served as the definitive starting point in *Capital*, and envisioned treating value as the logical *prius* of the price of production (Vygodski 1967: 116; Müller 1978: 131; Bidet 1985: 156–8). For Müller (1978: 122), this is the most important decision Marx made with regard to the presentation of capital: he thus overcame the *separation* between capital and competition, postponing or completely abandoning a concrete analysis of the latter.

The substantial modifications the six-book plan underwent in the 1861–63 *Manuscript* were mainly due to this decision. Marx abandoned his goal of determining the characteristics of capital in its *pure form* and considered the close relationship between surplus value, competition, credit, landed property and wage labour. He envisioned addressing the division of profit into industrial profit and interest in the third section of the book on capital, while postponing the analysis of the concrete forms of this division to an examination of the real movement of capital.³⁴ In addition, the forms of merchant and usurious capital, which historically preceded that of industrial capital, were to be examined in the third section as its derived forms. The 1863 plan also included an examination of rent in relation to prices of production, postponing its historical analysis to a specific book. Although Marx had not yet decided to address in the book on capital the transformation of surplus profit into ground rent (as he was to do between August 1863 and December 1865), he considered the theory of rent as dependent on that of the average rate of profit, thus overcoming the conceptual separation between capital and rent.³⁵ Linking the presentation of capital to that of its derivative forms made capital a differentiated generality (CW33: 346–7; Müller, 1978: 126).

In the first five notebooks of the 1861–63 *Manuscript*, moreover, Marx still referred to the planned book on wage labour but, at the end of 1861, he distinguished ‘wage labour in general’, belonging to the section on capital in general, and ‘wage labour in particular’, which had to be the object of a specific book. After drafting the new plan in January 1863, he envisioned addressing absolute and relative surplus value in relation to the wage in the book on capital (CW33: 347). Marx thus also overcame the separation between capital and wage labour, introducing a similar plan to that followed in *Capital*, where he did not address the analysis of different wage forms and considered changes in surplus labour only ‘from the assumption that commodities, and therefore also labour capacity, are always paid for at their *value*’ (CW33: 386; CI: 655; Rosdolsky 1979: 13).

In Notebook 22 on the ‘Reconversion of surplus value into capital’ (CW34: 179ff.; Müller 1978: 129–30; 1980), Marx incorporated the analysis of reproduction into that of capital, and for the first time *explicitly* distinguished simple and expanded reproduction (CW33: 212; CW34: 220–2).³⁶ What is more, he introduced

a specific part on ‘primitive accumulation’ after that on capital reproduction, which is however very brief and mainly taken from the *Grundrisse*. In Notebook 22, Marx criticised again Ricardo’s theory of reproduction, which forgot the first pre-requisites of capitalist production, such as the existence of the commodity, exchange, money and wage labour (*CW32*: 131–3). The analysis of the production process as a whole, namely, as a reproduction process, removed the illusion of the autonomy of value, revealing that capital entirely consists of objectified labour. Workers are faced with their own labour, objectified in means of production and of subsistence, which becomes *capital*, thus recreating the conditions for their exploitation. In the course of accumulation, moreover, the part of surplus value invested in constant capital or foreign trade tends to grow compared to the part exchanged for variable capital (*CW34*: 211–12). While reproduction ‘could be determined precisely in an enclosed and isolated country’; ‘foreign trade [...] breaks through this barrier’.

The reproduction process is dependent not on the production of mutually complementary equivalents in the same country, but on the production of these equivalents on foreign markets, on the power of absorption and the degree of extension of the world market. This provides an *increased* possibility of non-correspondence, hence a possibility of crises.

(*CW34*: 221)³⁷

It is important to stress that the concept of an enclosed and isolated country does not correspond to any concrete economic reality, but, as we discussed in Chapter 1, presupposes a model in which the nation, considered in isolation, implicitly coincides with the world of commerce. This explains why, in his 1861–63 *Manuscript*, Marx developed his theory of reproduction by abstracting from circulation as such. ‘If we are speaking of *surplus produce* in so far as it is not converted into surplus capital, but consumed by those who possess it, we can disregard any mediation through either internal or foreign market’ (*CW34*: 222). Crucially, Marx did not disregard only the foreign market, as usually believed, but the internal market as well. This abstraction, which he was elaborating here and was to present more systematically in *Capital* Volume 1 (see next section), is the only way of conceptualising the world market, which includes both the internal and foreign markets of all nations participating in it.³⁸ This abstraction, in fact, allows global relations of production to be taken as the starting point of analysis, introducing subsequently the specific categories necessary for analysing the multiplicity of states. In order to understand the world economy as a totality, and not as a sum of national units, in fact, it is necessary first to identify the overall logic of development of the system.³⁹ At this level of analysis, values and prices of production are assumed to be identical, and money is disregarded (*CW34*: 224); as the reproduction process is not examined in its concrete determinations (*CW34*: 182), so crisis is only considered as a possibility.

This abstraction also reflects an actual tendency towards the full imposition of the capitalist mode of production. In the 1861–63 *Manuscript*, Marx introduces

some elements of analysis of expanded reproduction, which he will later develop in *Capital* in the chapter on the general law of capitalist accumulation. In reproducing itself, he argues, capital not only reproduces the separation between wage labour and capital, but also seizes control of the totality of the spheres of production, forms new spheres and extends the scale of production, reintroducing competition at a higher level (CW34: 187).⁴⁰ If analysis of reproduction reveals that capital consists of objectified labour,

it is only foreign trade, the development of the market to a world market, which causes money to develop into world money and *abstract labour* into social labour. Abstract wealth, value, money, hence *abstract labour*, develop in the measure that concrete labour becomes a totality of different modes of labour embracing the world market.

(CW32: 387–8)

Since capitalist production rests on the universalisation of the labour embodied in the commodity, Marx's analysis of reproduction allowed him more explicitly to start his analysis in *Capital* from the twofold character of the labour contained in the commodity, considered as *social*, *universal* labour which progressively becomes so with the universalisation of the capitalist mode of production. In the brief, concluding part of Notebook 22 on the so-called primitive accumulation, Marx highlights the political relevance of this analysis.

The recognition of the product as its own [of labour], and its awareness that its separation from the conditions of its realisation is an injustice – *a relationship imposed by force* – is an enormous consciousness, *itself the product* of the capitalist mode of production and just as much the *knell to its doom* as the consciousness of the slave that he *could not be the property of another* reduced slavery to an artificial, lingering existence, and made it impossible for it to continue to provide the basis of its production.

(CW34: 246)

5.7 Value theory, and uneven and combined development

These theoretical advances make it possible to understand why, in his 1861–63 *Manuscript*, Marx devoted more attention to the analysis of the concrete international dynamics of capitalist accumulation. Marx recognised that, internationally, multiple forms of exploitation and domination exist, including direct plunder, but abstracted from them to investigate those that correspond to the law of value. He delved more deeply, in particular, into the question of the influence of the world market on the rate of profit, later discussed in *Capital* Volume 3, Chapter 14 on the factors that counteract the general law of the falling rate of profit (CIII: 344–7). Drawing also on his study of Merivale and Wakefield (see Chapter 4.7 in this book), Marx criticised Ricardo's underestimation of the influence of the world

market and colonisation on the rate of profit, which Ricardo deemed to be mainly dependent on wage levels.

In Marx's view, Ricardo surreptitiously assumed the existence of a general rate of profit and identified the 'natural price' with the value of commodities, only distinguishing its monetary expression. He thus failed to see that the very existence of an average rate of profit implies the non-coincidence of values and prices. The value of a commodity does not consist of the average labour time necessary for each individual capitalist to produce it, but of the labour time that is necessary to produce the total amount of commodities within a given sphere of production. The *market value* of a product, therefore, is the same for all products *within* the same sphere, where competition causes deviations from the general rate of profit (CW31: 428). *Among* the different spheres in which capital is free to move, moreover, there is a tendency to the formation of an average rate of profit. Competition equalises prices in the various spheres of production so that profit corresponds to the value of the capital employed, not to the actual value of the commodity and the surplus value deriving from it (CW31: 436).

If capital can be freely invested in new branches of production with a lower organic composition of capital (OCC) than the average, or in trade with colonies where – because of slavery, natural fertility, or the lack of development of land ownership – the value of the labour power and the OCC are less than in the motherland, this does reduce the surplus profit in the specific branch but, as Smith observed, raises the general rate of profit. Ricardo criticised this argument by arguing that, 'in the old *trades*', the quantity of labour employed and wages have nevertheless remained the same. For Marx, he mistakenly confused competition *within* and *between* sectors. When the rate of surplus value grows within a sector, the general average rate of profit increases because it is

determined by the ratio of unpaid labour to paid labour and to the capital advanced not in this or that sphere of the economy, but in all spheres to which the capital *may be freely transferred*. The ratio may stay the same in nine-tenths; but if it alters in one-tenth, then the *general rate of profit* in the ten-tenths must change.

(CW32: 71)

For Marx, therefore, an economic system included all production branches where capital was freely transferable, including the colonies. It follows that, differently from what is usually argued, Marx saw each branch as cutting across and encompassing different countries, and theorised capital's mobility both *within* and *between* these international branches. In his view, capital is not invested abroad because of a lack of opportunities domestically, but in a quest for higher profits. The formation of an average rate of profit is a complex dynamic that takes place by producing inequalities.⁴¹ Oscillations in the rate of profit *within* each sector depend on the fluctuations of market prices around prices of production; if, in a specific sector, there is a prolonged fall of the rate of profit below the ideal average, capital emigrates from it, and vice versa. The

compensatory effects of such a movement, however, are not immediate; the average rate of profit in each particular sector only appears in the average rates of profit that are realised in a given cycle, whose duration depends on the nature of capital (CW32: 360–1). Unlike the rate of interest, which is established daily, moreover, the average rate of profit never appears as something directly given, but only as the ‘average result of contradictory oscillations’, as an ‘ideal *average figure*’ that exists only as the tendency in the movement of equalisation of different rates of profit (whether of individual capitals in the same sphere or different capitals in the different spheres of production), and serves to estimate the real profit (CW32: 459).

In a condition of perfect competition within a country, the formation of an average rate of profit would take place; likewise, such equalisation can occur *between* different countries. As Marx points out, however, ‘the levelling out of values by labour time and even less the levelling out of cost prices by a general rate of profit does not take place in this direct form between different countries’ (CW31: 426). While a general tendency exists, a *relative* capital immobility between nations prevents capitals from moving completely freely at the international level, where the formation of an average rate of profit occurs only occasionally (see Carchedi 1991: 221). These limitations to the universal application of the labour theory of value, however, do not imply its invalidity, but a need to *amend* it. In Marx’s view, the actual existence of different rates of profit internationally is somehow indifferent: ‘in international trade the differences in profit rates between different nations are completely immaterial as far as the exchange of their commodities is concerned’ (CIII: 277). The basis of international exchange, in fact, is, for Marx, the average social labour that is necessary internationally, that is, the international value of commodities. Indeed, ‘the measure of the value, e.g. of cotton, is determined not by the English hour of labour, but by the *average necessary time of labour* on the world market’ (CW33: 384).⁴²

The full implementation of the law of value internationally is a *tendency* that is progressively realised in the course of accumulation through capital concentration and centralisation, and the resulting generalisation of the wage-labour relation.⁴³ Significantly, by systematically investigating the reproduction process in the 1861–63 *Manuscript* and in *Capital* Volume 1, Marx already introduced an analysis of *both* intra-sectoral and inter-sectoral competition, whose interaction gives rise to accumulation.⁴⁴ As Carchedi argues (1991: 228), capital mobility between branches and the resulting formation of conglomerates facilitate the emergence of an international rate of profit. It is the existence of international values, moreover, that makes it possible to compare different working days in the domestic and international spheres, and, therefore, allows understanding of the modification of the law of value at the international scale.

Say, in his notes to Ricardo’s book translated by Constancio, makes only *one* correct remark about *foreign trade*. Profit can also be made by cheating, one person gaining what the other loses. Loss and gain within a *single* country cancel each other out. But not so with trade between different countries. And

even according to Ricardo's theory, three days of labour of one country can be exchanged against one of another country – a point *not* noted by Say. Here the law of value undergoes essential modification. The relationship between labour days of different countries may be similar to that existing between skilled, complex labour and unskilled, simple labour within a country. In this case, the richer country exploits the poorer one, even where the latter gains by the exchange, as John Stuart Mill explains in his *Some Unsettled Questions*.

(CW32: 294)

In *Capital* Volume 1, Chapter 20 on the national differences in wages, Marx briefly discusses the question of the particularisation of capital as national capitals, a question pertaining to the sphere of competition (Dussel 2001: 214). Comparing nations whose total capital has reached different levels of development, Marx argues that, because of *relative* capital immobility at the international level, the more productive capital in a nation is not compelled by competition to reduce market prices to the level of production prices. To the extent that this is the case, the more productive national labour also counts as more intense.⁴⁵ Productivity growth, unlike labour intensification, leads to an increase in the amount of products but their total value remain the same, thus reducing the value of individual commodities; labour intensification, on the contrary, produces more value in absolute terms. At the international level, super-profits derive from the difference between national (individual) and international (social) necessary labour: the more advanced capital needs a lower amount of labour than the less developed for producing a commodity, but, as long as a gap exists, it can sell it at the average international price. Increases in productivity thus become a source of surplus profits both domestically and internationally.⁴⁶

Significantly, Marx does not take the nation as such as a unit of analysis, but explains this appropriation on the basis of his theory of exploitation. In order to produce a certain commodity, a more productive capital in country *x* (A) needs eight hours, while a less productive capital in country *y* (B) needs 12 hours; the international value of the commodity is ten. A's eight hours are divided into four hours of necessary labour and four hours of surplus labour; while B's 12 hours into eight hours of necessary labour and four of surplus labour. Both sell the commodity at ten. A thus gains two labour hours and realises extra surplus value by appropriating a portion of the surplus value of B. B, on the other hand, loses two hours of surplus value, and its profit thereby falls below its surplus value. As a result, capitalists in less developed countries need to increase the amount of *absolute* surplus value they extract from the working class in order to make up for their losses.

The latter is the case in countries (such as Austria etc.) where the capitalist mode of production is already in existence but which have to compete with far more developed countries. Wages can be low here partly because the requirements of the worker are less developed, partly because agricultural products are cheaper or – this amounts to the same thing as far as the capitalist is

concerned – because they have less value in terms of money. Hence the quantity of the product of, say, 10 hours' labour, which must go to the worker as necessary wages, is small. If, however, he works 17 hours instead of 12 then this can be made good.

(CW31: 251–2)

Along with the exploitation by the national bourgeoisie, therefore, the working class in less developed countries also suffer from an *indirect exploitation* by the bourgeoisie in more developed countries.⁴⁷ Appropriating more value, the more productive country can realise it in a greater quantity of gold. Productivity increases, and the corresponding decreases in relative wages, moreover, allow for an increase in real and nominal wages in the more developed country, as in the case of industrial wages in England being higher than those on the European continent (CW31: 252). On the other side, the bourgeoisie in less developed countries, renouncing to a portion of the surplus product, has limited possibilities for accumulation. The costs of this disadvantage fall on the working class, since capitalists are compelled to increase the *absolute* surplus value extraction and to lengthen the working day. Interestingly, we find in the 1861–63 *Manuscript* some considerations that anticipate Ruj Mauro Marini's analysis of 'super-exploitation', but have remained unnoticed in contemporary debates.⁴⁸ For Marini (1974: 40–1), because of its limited possibilities of increasing labour productivity, capital in dependent countries has recourse to methods of absolute surplus value extraction such as the prolongation and intensification of the working day, and the compression of wages, including their reduction below the value of the labour power. Marx himself considered the latter possibility when he affirms, just to mention one example, that wages in India were depressed even below the worker's modest needs (CW31: 251), and also noted this happening in English domestic industries (CW33: 348).

In the 1861–63 *Manuscript*, Marx compares an English and an Indian or Chinese spinner, disregarding the modifications of the general law of value that arise at the international level 'as irrelevant' (CW34: 193). In a working day of the same duration and intensity, 200 British workers do not produce more total value than the Indians, but commodities of a different value. The masses of commodities produced by the English and the Indian/Chinese spinners are of the same value, but the English individual commodity is much cheaper than the Indian/Chinese. Since the part of value transferred by the means of production is greater for the former than for the latter product, moreover, the portion of surplus value that can be reconverted into capital increases; the greater scope and scale of production are means of raising labour productivity even further. The less developed country has therefore significant disadvantages in international competition (CW34: 193–6). Marx also presents an example from the agricultural sphere, where 'the same relation between capitalistically developed and relatively underdeveloped nations does not appear to exist'. The commodity of the latter, in fact, is cheaper in terms of its money price even though it required more labour to be produced (CW32: 107). Taking the example of the English and

Russian agricultural workers, Marx argues that, because of the lower value of constant capital transmitted to agricultural commodities, producers in less developed countries 'are forced to sell their product *below* its value' (CW32: 108; CW34: 197–9).

Unlike Arghiri Emmanuel (1972), who takes countries as the unit of analysis and explains underdevelopment primarily through the mechanisms of exchange (Carchedi 1991: 224), Marx grounded his theory of 'unequal exchange' in his theory of surplus value and in his differentiated theory of wages. It is the greater relative exploitation of workers in more developed countries that leads to a transfer of value from capitals in less developed countries, which, in turn, impacts negatively on the condition of workers and on forms of labour exploitation, and also on the overall possibilities of expanded reproduction in these countries. The transfer of surplus value between national capitals with different levels of productivity is based upon and shapes an overall, global antagonism between capital and wage labour. Underdevelopment is a national manifestation of this antagonism. An understanding of it, however, requires further determinations not introduced at this level of analysis. While for Emmanuel unequal exchange is the main cause of underdevelopment, moreover, Marx takes into account both long-term processes of so-called primitive accumulation and of accumulation *tout court*, which reproduce and enhance the inequalities created in the period of formation of the world market. Accumulation does not exclude but *coexists* with forms of 'primitive accumulation' like the extraction of value from non-capitalist sectors (Dussel 2001: 228–9). For Marx, however, these mechanisms did not condemn all countries to underdevelopment, but contradictorily laid the premises for the development of new independent centres of accumulation (see next section).

5.8 *Capital*: from the abstract to the concrete

The concept of capital in Marx's main work includes relations that were not present in the concept of capital in general: both the essence of the relation (surplus value, exploitation) and its forms of appearance on the world market. By expressing the relation between them, capital becomes a concrete generality (*konkret Allgemeines*), a synthesis of particularity and universality. The general lives in the particular, their existence arises through mediation: general and particular are moments of a *dialectical totality*. In this relation lies the origin of the movement of capital as a determined element tending towards totality. His analysis of reproduction having revealed that capital entirely consists of objectified labour, Marx could more explicitly start his presentation in *Capital* with the dual character of the labour embodied in the commodity (CI: 132).⁴⁹ His more mature conceptualisation of value, therefore, presupposes his analysis of capital reproduction as a globalising process in the 1861–63 *Manuscript*.

Capital Volume 1, in its turn, further develops the analysis of capitalist expansionism and integrates some elements of the planned books on the state, foreign trade and the world market. Capital derives from value in its third

determination of world money, resulting from the processes of so-called primitive accumulation described at the end of the volume. Marx examines the process of capital's production from the *assumption* of its autonomous existence. Even simple reproduction, however, necessarily converts each capital into capitalised surplus, while in the more common case of extended reproduction surplus value is reinvested. Accumulation consists in the transformation of surplus value into capital. In this process, all the capital originally advanced becomes a vanishing quantity, compared with the directly accumulated capital: it is a *magnitudo evanescens* in the mathematical sense (CI: 734). Since capital entirely consists of unpaid labour, the relation of exchange subsisting between capitalist and labourer becomes a 'mere semblance', a mere form, whose real content is 'the constant appropriation by the capitalist, without equivalent, of a portion of the labour of others which has already been objectified' (CI: 730). The law of exchange of equivalents necessarily turns into its opposite, into the law of exploitation, of appropriation without equivalent. Capital appears to be a product of wage labour, which wage labour creates as opposed to itself. It is at this point, in the seventh section, that Marx examines the premises of this relation, the so-called primitive accumulation.

But let's proceed step by step. In Chapter 24 Marx presents a systematic critique of the theory of reproduction of classical political economy, which resolved all the newly created value into national income, as if the aim of capitalist production were the satisfaction of the needs of the 'nation', of all nations, and not accumulation, which involves the continual expansion of constant capital and of the foreign market. As discussed, the resulting wage-fund theory presented capital as a fixed magnitude and variable capital as a naturally determined wage fund. In *The Economic Position of the British Labourer* (1865), Henry Fawcett adhered to the wage-fund theory but at the same time affirmed that the bigger portion of wealth annually saved in England was exported to foreign countries. For Marx, this contradiction expressed at the highest degree the inability of political economy to explain the process of capital accumulation on a world scale.⁵⁰ Classical political economy thus had to resort to a mythical discourse, based on the subject's innate qualities, for explaining the genesis and the reproduction of the system. This discourse concealed the violent processes at the base of the 'free market relation' between capital and wage labour, making it necessary to have recourse to the *exception* to explain a reality that constantly contradicted the model presented as the norm. The myth of a 'primitive accumulation' is therefore not just a 'myth of the origin' but the theoretical expression of the class position of classical political economy.

In actual history, it is a notorious fact that conquest, enslavement, robbery, murder, in short, force, play the greatest part. In the tender annals of political economy, the idyllic reigns from time immemorial. Right and 'labour' were from the beginning of time the sole means of enrichment, 'this year' of course always excepted.

(CI: 874)

In order to understand the concrete process of capital accumulation, in the chapter 'Conversion of surplus value into capital' Marx treats the world of commerce as one nation and presupposes, as Ricardo had done before him, the full worldwide imposition of the new mode of production. He argues:

Here we take no account of the export trade, by means of which a nation can change articles of luxury either into means of production or means of subsistence, and *vice versa*. In order to examine the object of our investigation in its integrity, free from all disturbing subsidiary circumstances, we must treat the whole world of trade as one nation, and assume that capitalist production is established everywhere and has taken possession of every branch of industry.

(CI: 727)⁵¹

Marx, therefore, elaborated the approach that he had introduced in his 1861–63 *Manuscript*. Contrary to dominant interpretations, Marx's positing the national and world market levels as coinciding is not synonymous with the assumption of an 'enclosed national economy' but is a premise for conceptualising global production relations.⁵² As Marx added to the 1872–5 French edition of *Capital* Volume 1, moreover, this approach reflected the actual prevalence of the foreign market over the internal in the industrial period.⁵³

This abstraction made it possible to take into account the expansive tendency of the capital of the dominant states and to identify the general laws of capitalist accumulation, to which the development of new capitalist states is also subordinated. In *Capital* Marx took the international dimension of capital's 'field of action' and of the working class systematically into account (CI: 578). He considered the populations in the colonies as part of the industrial reserve army of metropolitan capital (CI: 794), exploitable there or through international migration: 'spontaneous' migration, as in the case of Ireland, and semi-forced migration, like the slave trade or the 'coolie' migration of Indian and Chinese workers.⁵⁴ British capital invested abroad appears to be part of the 'total social capital', whose analysis does not require particular determinations, since Volume 1 does not take account of circulation. What is more, the identification of the general laws of development of the system, along with their modifications at the international level, was key to understanding specific patterns of late development against the backdrop of the overall process of capital accumulation internationally.

In *Capital*, Marx elaborated more systematically his previous considerations in the 1861–63 *Manuscript*, where he had argued that, since separation is the normal relation in capitalist society and the overall tendency of economic development, it can be presumed as the relation even where it does not actually apply.

In considering the essential relations of capitalist production, therefore, it can be assumed [...] that the entire world of commodities, all the spheres of material production – the production of material wealth – have been subjected

(either formally or really) to the capitalist mode of production. In this presupposition, which expresses the *limit*, and therefore approximates ever more closely to exact accuracy, all the workers engaged in the production of commodities are wage labourers and the means of production confront them as capital in all spheres of production.

(CW34: 142–3)

Marx's two-class model in *Capital* reflects the fact that, in its worldwide expansion, capital integrates and subsumes forms of exploitation different from the 'free' wage-labour relation; in the colonial world, for example, capitalist relations of exploitation were predominant despite the limited development of the capitalist mode of production, and were subsumed to this mode.⁵⁵ Marx's model, therefore, does not imply a 'narrow conception of the working class', focused on the North Atlantic region and disregarding the many different forms of labour exploitation existing globally (van der Linden 2008: 19–20). Crucially, such an abstract model made it possible to conceive of the system in its entirety and to identify the *tendency* of capitalist development, which involves an, albeit non-linear, process of proletarianisation of peasants, artisans and the self-employed through competition and/or direct state intervention.

In Chapter 24 Marx maintains that expansionism is an immanent necessity for capital at every stage of its development. The subsequent chapter, on the general law of capitalist accumulation, then shows that accumulation increases the expansive power of capital, which tends towards the extreme limit of absolute, universal wealth. The processes of concentration and centralisation, strengthened by the credit system, increase the mobility of capital and the scale of its operations, tending towards the *limit* point at which capital achieves concrete existence as one single capital.⁵⁶ This *limit*, however, can never actually be reached because competition is inherent to the very essence of capital, which always presents itself as many capitals: accumulation therefore repropose competition more and more acutely.

Further elaborating his previous reflections on overpopulation, in *Capital* Marx defines the law of impoverishment of the working class as the *absolute, general* law of capitalist accumulation. Since living labour is the only source of value, in fact, its declining relative role in production resulting from mechanisation and the resulting tendency of the rate of profit to fall compel capital to increase labour exploitation. The global industrial reserve army of unemployed and underemployed workers tends to grow, and puts increasing pressure on the employed, thus limiting their claims and creating the conditions for the compression of wages and the prolongation of the working day. This in turn reduces the demand for labour power and releases a greater labour supply onto the market, in a vicious circle of unemployment, underemployment and overwork. Despite the specific manifestations of this process at the international level – which, as discussed in the previous section, Marx examined in the light of his theory of wages – capitalist development determines the impoverishment of the working class, interpreted in dynamic terms as a world working class.

This interpretation reflects the fact that accumulation is based on the expansion of the market and the universalisation of labour cooperation, thus making workers' labour and living conditions increasingly interdependent internationally. This process, for Marx, also has a huge political potential because it lays the premises for the conscious organisation and the reciprocal reinforcement of labour struggles internationally. In his view, 'hand in hand with this centralisation, or this expropriation of many capitalists by few', 'the international character of the capitalistic regime' also develops and, with it, 'grows the revolt of the working class' (CI: 929). Although he took into account the possibility for workers to cooperate while working in separate locations, thus including the possibility of relocating industries to weaken labour organisation (CI: 443; Pradella 2013: 128), Marx also argues that 'the very mechanism of the process of capitalist production' disciplines, unites and organises the working class, creating the premises for the 'expropriation of the expropriators'. While the apparent determinism of this passage is problematic, it highlights nevertheless that, for Marx, communism is not an ideal, external to the contradictions of social life: it is the movement of revolutionary supersession of the present society that is made possible by the elements with which it is pregnant. Marx conceived of *Capital* itself, as a critique of political economy, as a part of and an active force in this movement. Only as such could the theoretical critique conceptualise capitalist society as an organic whole, identifying its overall historical tendency, including the premises for overcoming it.

Such a fundamental antagonism between capitalism and communism illuminates Marx's analysis of the state, whose intervention is not an *exception* but an integral part of the process of capital reproduction. A point that has been underestimated or ignored in contemporary debates is that in Part 8 of *Capital*, on the so-called primitive accumulation, Marx presents some elements that he previously envisioned addressing in the book on the state, thus elaborating his studies of mercantilism and classical political economy. In *Marx within his own Limits*, for example, Althusser maintains that '*neither Marx nor Lenin mentioned [...], at least when they speak explicitly about the state, the state function in reproduction*' (Althusser 1994: 456). While scholars like Poulantzas and Miliband deemed *Capital* to be primarily an economic work, the importance of Marx's studies of mercantilism and of Heeren has been generally ignored in most of the Marxist state debate, which has mainly focused on the internal aspects of state intervention. This leads to an underestimation of the centrality of imperialism and colonialism in the conceptualisation of the state, which, as Colin Barker pointed out (1978: 118), always exists in the plural.

Marx deemed the state to be a fundamental 'economic power' (CI: 915–16). Drawing on his study of Heeren, moreover, he examined *both* internal and international aspects of the European system of states, which he considered as a 'world system of states'. In Part 8, Marx analysed a unitary, worldwide process of 'primitive accumulation', whose different moments concentrated themselves in various European states, particularly Spain, Portugal, Holland, France and England. In the latter, at the end of the seventeenth century, these moments were

systematically combined (CI: 915). Marx focused on the role of the British state both in the process of separation of the direct producers from the means of production in England and on its support to the ‘accumulation’ of merchant and usurious capital from which industrial capital arose.⁵⁷ He not only described state support for the creation of a proletariat for the manufacturers, but also its intervention in the regulation of the working day and in the class struggle (also addressed in Chapter 10 on the working day), as well as the permanent function of the public debt, the fiscal, colonial and protectionist systems. The chapter ‘Genesis of the industrial capitalist’ also refers to the process of subordination of the state to industrial capital, the accumulation of which gave rise to intensified antagonisms among the main powers attempting to extend their spheres of influence. These rivalries, for Marx, take place ‘on the heels’ of the processes of colonisation and ‘with the globe for a theatre’, and also continue when they momentarily coalesce, as in the case of the attempted conquest of Chinese markets by Britain, France and the US (CI: 915). The final chapter on the modern theory of colonisation then examined the necessary means for ensuring capital reproduction in sparsely populated colonies.

The Part on ‘primitive accumulation’, therefore, does not represent a ‘historical’ part separate from the ‘economic’, but examines the role of the state in the genesis and the expanded reproduction of capital. For Marx, the logic of the state is internal to the logic of capital. For this reason, although *historically* state intervention was primary for the genesis of industrial capital, its *analysis* follows that of accumulation.⁵⁸ The appearance of the autonomy of the state dissolves along with that of the autonomy of capital, which entirely results from wage labour. The state, therefore, cannot be directly ‘derived’ from capital considered as a separate entity,⁵⁹ but must be understood in the context of the class struggle, of the becoming of a world working class. As capital is based on a global antagonism with wage labour and can only exist as many capitals, the existence of a system of multiple states, historical presupposition of capital, is also the result of it. Marx already maintained, therefore, that, as Alex Callinicos argues (2007), political fragmentation of the state system is as a by-product of capital’s tendency to U&CD, making its supersession through a durable ultra-imperialism impossible.

Assuming that Marx examined a ‘self-enclosed national economy’, David Harvey believes that an analysis of imperialism requires understanding the dynamics between ‘two distinct but intertwined logics of power’: the capitalist logic, referring to production, accumulation and exchange, and the territorial logic, referring to state policies (Harvey 2003: 30). Harvey takes this distinction from Arrighi (1994: 33), who believed however that both logics refer primarily to state policies. Both conceptualisations underestimate the inherently international dimension of the law of value. Since, for Marx, the spatial logic is subsumed under the logic of capital, ‘economic’ competition has an intrinsic geopolitical dimension.⁶⁰ Separating these dimensions leads Harvey to have recourse to the concept of ‘primitive accumulation’ (renamed ‘accumulation by dispossession’) to explain phenomena that, for Marx, were intrinsic elements of the process of capital accumulation on a world scale.

Accumulation is an imperialist process which tends to concentrate high value added production and capital in the system's most competitive centres, determining a forced specialisation of less developed or dependent countries in low-value added sectors, repatriating profits extracted in these countries, and leading to forms of unequal exchange between nations with different productivity levels, which result in different but interacting forms of labour exploitation and impoverishment. Capital accumulation, for Marx, does not eliminate processes of value extraction from pre-capitalist sectors or commercial and usurious forms of exploitation, plunder and pillaging: these forms of 'primitive accumulation' are nevertheless subsumed to and shaped by capital accumulation *tout court*. A unitary logic therefore links the exploitation of the proletariat in Britain, the extinction of Indian handloom weavers, the starvation conditions of Irish peasants, the enslavement of Africans in the American plantations, and the different forms of expropriation, exploitation and oppression that Marx studied in his notebooks and presented in his writings.

If industrial accumulation in Western Europe amplified the destructive effects of processes of 'primitive accumulation' over subordinate countries, for Marx it also laid the premises for the emergence of new centres of accumulation. The independent capitalist development of the US highlights the limits that the expansion of capital places on its centralisation. In the French edition of *Capital* Volume 1 (1872–5), Marx added a passage mentioning the possibility of manufacturing development in China 'in a more or less distant future' (*MEGA*² II/7: 522); in his articles, moreover, he also identified the seeds that, even in almost entirely destructive forms, capital had sown for India's independent development. Capitalist accumulation, therefore, is characterised by multiple and evolving patterns of uneven and combined development, which are nevertheless subordinate to capital's overall logic, to the *absolute* law of impoverishment of the working class in particular.

While paving the way for the US to replace Britain in its global hegemony, among increased inter-capitalist and inter-state antagonisms (CI: 870, 940), for Marx the Civil War also strengthened the international labour movement. The abolition of slavery had a major role in the fight for the 8-hour day and in the first steps of the class struggle in the US. Every movement in which the working class opposes *as a class* the dominant classes, overcoming its internal divisions, is for Marx a *political movement* whose ultimate goal is the abolition of capitalism itself. Reaching this goal required the constitution of organisations aimed at reinforcing international solidarity, which, according to Marx's Inaugural Address to the International, was the condition for the proletariat to conquest political power and emancipate itself (*CW*20: 5–13). Marx believed that the basis of this movement was the struggle for the reduction of the working day, and that the industrial working class could lead struggles of peasants and proletarianised petty commodity producers, linking with anti-colonial resistance. In the wake of the intensification of the struggle for Irish independence at the end of the 1860s, Marx further developed his dialectical view of revolution. He sustained the right of the Irish workers to have an independent organisation within the International

and affirmed that the only means of hastening the social revolution in Britain was to promote the working class's support for the Irish national struggle as the *precondition of its own emancipation*.⁶¹ According to August Nimtz (2000: 204), Marx's turn on Ireland is most significant, because it makes clear that the revolutionary 'lever', for him, did not reside exclusively in industrialised countries. These considerations laid the basis for conceiving international revolution as a unitary process of permanent revolution in which anti-colonial and proletarian struggles are closely interconnected.

Notes

- 1 Marx and Engels wrote 32 journalistic articles for the *NYDT* on the Sepoy Uprising. See Reichel (1990).
- 2 During the crisis Marx's journalist work and his income were reduced (Krätke 2008a: 163).
- 3 To be published in *MEGA*² IV/14 (Krätke 2008b: 170–4). In the first book, *1857: France* [B84], Marx collected excerpts from newspapers on the crisis in France, Italy and Spain. In the second book, *Book of the Crisis of 1857* [B88], he gathered information on the British money market, and the trends in German and Austrian stock markets. The third, *The Book of the Commercial Crisis* [B91], is devoted to the commercial crisis in Britain, the US, China, India, Egypt and Australia.
- 4 For a discussion of these concepts and of their translation into English, see Fineschi (2013: 74).
- 5 According to Abend (1972), the sharp separation between 'capital in general' and the real movement of capital emerged only in 1856. See also Antonowa (1986) and Jahn (1986).
- 6 Marx initially conceived what he was writing as a continuation of *A Contribution*, but then considered *Capital* as an independent work.
- 7 Until the end of his life, Marx continued to believe that a general revolt was awaiting the British government in India. See, for example, his letter to Daniel's son of 19 February 1881 (*CW*46: 63).
- 8 See, for example, 'History of the Opium Trade' (written on 31 August and 3 September, published in the *NYDT* on 20 September and 25 September 1858; *CW*16: 13–20).
- 9 Until Volume 1 of *Capital*, Marx refers to labour capacity (*Arbeitsvermögen*) rather than labour power (*Arbeitskraft*).
- 10 In the second notebook of the *Grundrisse*, we find a third scheme of the book on capital, which had to be divided into six sections: on capital in general, accumulation, credit, share, capital as money market and capital as a source of wealth (the capitalist) (*G*: 227–8). Marx wanted to deal with capital *of the whole society* without addressing differences existing among capitals (*G*: 346). See also Rosdolsky (1979: 41–50) and Antonowa (1986).
- 11 Marx also presents his plans in his letters to Ferdinande Lassalle of 22 February and 11 March 1858 (*CW*40: 268, 286–7; see also Rosdolsky 1979: 10–11; Block 1987: 90). Marx's 1864–5 manuscript for *Capital* Volume 3 does not mention the last three books.
- 12 Marx's only articulated plan for the book on the state is presented in the Introduction, where he expects to write about '(3) Concentration of bourgeois society in the form of the state. Viewed in relation to itself. The "unproductive" classes. Taxes. State debt. Public credit. The population. The colonies. Emigration. (4) The international relation of production. International division of labour. International exchange. Export and Import. Rate of exchange.' (*G*: 108)

- 13 For a more detailed presentation of the plan for Books 5 and 6, see *Grundrisse der Kritik der politischen Ökonomie: Urtext* (MEGA² II/2: 25, 43, 151 187, 430). Although an understanding of the exchange rate mechanism played a key role in overcoming the quantity theory of money, an analysis of it was not necessary for Marx to present money in simple circulation and the basic relations of the capitalist mode of production. In 1857–8, Marx planned to treat the exchange rate in the book on foreign trade, *after* world money, which belonged to a more abstract level of presentation.
- 14 ‘However, the dissolving effect depends very much on the nature of the producing communities between which it operates. For example, hardly shook the old Indian communities and Asiatic relations generally’ (G: 858).
- 15 As discussed in Chapter 4.3 in this book, for Marx one of Ricardo’s main merits consisted in having assumed abstract labour and universal competition as the starting point of analysis.
- 16 Marx underlines that the expression ‘overpopulation’ does not refer to unproductive or parasitic classes, but only to the labouring classes, and argues that the increase of population is a ‘*natural force* of labour’ that is not paid (G: 608–9, 400). This explains why Marx was much more inclined to speak literally about ‘overpopulation’ than Malthus (Foster 2000: 92–3).
- 17 In simple reproduction, income serves the capitalist only as a fund of consumption, while in the expanded reproduction it is reinvested.
- 18 In his 1861–63 *Manuscript*, however, Marx still used the term Asiatic despotism. He argues, for example, that Linguet ‘defends Asiatic despotism against the civilised European forms of despotism’ (CW31: 241).
- 19 This passage can be found also in *A Contribution* (Con: 275, note), and was added to the second German edition of *Capital* Volume 1 (CI: 171, note 32).
- 20 See Shanin 1983: 5. At the 2010 Historical Materialism Conference in London, Heather Brown presented Marx’s little-known discussions of the Asiatic mode of production in Spain, based on his studies recently published in MEGA² IV/12 (see Pradella 2011b). In his article ‘Revolutionary Spain’, Marx maintained that ‘Spanish society was full of life, and every part of it [was] overflowing with powers of resistance’ (CW13: 398–9).
- 21 ‘In most of the *Asiatic* land-forms, the *comprehensive unity* standing above all these little communities appears as the higher *proprietor* or as the *sole proprietor*; the real communities hence only as *hereditary* possessors’ (G: 472–3).
- 22 Karl Wittfogel (1957), Perry Anderson (1974) and Marian Sawer (1977) all emphasise the centrality of hydraulic agriculture in Marx’s analysis of the Asiatic mode of production. For a critical discussion of this thesis, see Currie (1984: 259).
- 23 In my view, Ellen M. Wood’s thesis that, for Marx, ‘transition is driven by the internal logic of the existing mode’ (2008: 88) is not based on textual evidence in the *Grundrisse*.
- 24 This explains why, in the *Grundrisse*, the chapter on the ‘Forms’ follows that on the ‘Original accumulation of capital’.
- 25 The process of nationalisation of the revolution in the Soviet Union contributed to ‘the merging of world history and national histories as a sequence of universal stages’ (Bailey and Llobera 1981: 52; see also Currie 1984: 251).
- 26 For Bastiaan Wielenga (2004: 911), we witness in these years an important change from a negative judgement on their isolation and stagnation to a more positive assessment of the social forms that are present in them. See also Anderson (2010: 162–3).
- 27 In his first draft letter to Vera Zasulich (written between late February and early March 1881) Marx repeatedly counterposes the commune in Russia and in India: Russia was the only European country where the commune was still widespread at a nationwide scale; differently from India, moreover, it had not been invaded by a foreign power and was not isolated from the world market (CW24: 349, 352). Despite his later in-depth studies of Indian communities, these passages seem to exclude that in the 1880s Marx discerned in India similar revolutionary possibilities as in Russia,

thus confirming that his previous position on India was based on an analysis of the specific situation in the country (see Anderson 2010: 236).

- 28 Engels, 'Persia – China' (article written at Marx's request by Engels on 20 May, published in the *NYDT* on 5 June 1857; *CW*16: 32).
- 29 Marx, 'Trade with China' (article written in mid-November 1859, published in the *NYDT* on 3 December 1859; *CW*16: 539).
- 30 In *A Contribution* Marx only analyses those forms of money which arise directly from exchange, postponing an examination of credit money. He also assumes gold to be the money commodity (*Con*: 303).
- 31 These considerations help to answer the question, raised by Justin Rosenberg (in Calinicos and Rosenberg 2009: 80), of 'why the "international" dimension of social reality exists in the first place'.
- 32 Marx's argument contradicts Costas Lapavistas's interpretation according to which Marx maintained the validity of the quantity theory regarding the determination of the exchange value of fiat money, whose substance would be immaterial in internal circulation thus making it possible for the state to determine its quantity completely arbitrarily (Lapavistas 2000: 646). Lapavistas's argument, from my point of view, rests on an isolation of national circulation from the world market. See also Saad-Filho (2002: 96). According to Pichit Likitkijsonboon (2005: 163), Marx's model underestimates the role of the banking system, which appears to respond passively to the needs of transaction.
- 33 For a discussion of this question see also Moseley (2005: 4–5).
- 34 In *Capital* Volume 3, Marx argues that the analysis of the concrete functioning of the credit system is 'outside the scope of [his] work and belong to its possible continuation' (*MEGA*² II/4.2: 178).
- 35 See Marx's letter to Engels of 2 August 1862 (*CW*41: 397).
- 36 For Marx, 'the true conception of the production process is to conceive it as a *reproduction process*.' (*CW*34: 209–10).
- 37

The exchange of the part of the product of class II which represents its surplus value for the constant capital of class I, which exists in means of subsistence, is tangibly demonstrated on the world market, e.g. in the exchange of English *calicoes* for cotton, or the exchange of English machinery and yarn for foreign wheat, etc.

(*CW*33: 212)

- 38 For Marx, the world market 'is not only the internal market in relation to all foreign markets existing outside it, but at the same time the internal market of all foreign markets as, in turn, components of the home market' (*G*: 280).
- 39 This interpretation contradicts Claudia von Braunmühl's view that Marx 'cannot conceive of the world market as anything other than an aggregation of national units' (1978: 165).
- 40 For Marx, if the process of concentration were not paralleled by another of fragmentation, 'bourgeois production would be very simple, and would soon arrive at its catastrophe' (*CW*34: 238).
- 41 'The process of equalisation of the rate of profit among sectors is simultaneously the process of uneven development and stratification within sectors' (Weeks 2011: 114).
- 42 This passage probably refers to a cotton product rather than cotton as such.
- 43 Only in the 1872–75 French edition of *Capital* Volume 1 did Marx conceptually distinguish capital concentration from capital centralisation, which implies the fusion of already existing capital (see Pradella 2011a).
- 44 According to Ben Fine and Alfredo Saad-Filho (2010: 71–2), on the contrary, in Volume 1 of *Capital* only intra-sectoral competition is examined, while inter-sectoral competition is addressed in Volume 3.

- 45 'In proportion as capitalist production is developed in a country, so, in the same proportion, do the national intensity and productivity of labour there rise above the international level' (CI: 702).
- 46 The situation becomes more complicated when currencies are no longer fixed against gold, but this more contemporary problem is beyond the scope of my study.
- 47 'The privileged country recovers more labour in exchange for less, even though this difference, the excess, is pocketed by a particular class, just as in the exchange between labour and capital in general' (CIII: 345–6).
- 48 For a more recent account of these debates in English, see Dussel (2001: 205–34) and Sotelio Valencia (2013). Dussel (2001: 212) compares Marx's and Marini's approaches, but does not systematically present the passages from the 1861–63 *Manuscript* on the link between international value transfer and forms of exploitation.
- 49 Marx's re-elaboration of the theory of value and money in *Capital* Volume 1 was necessary, 'not merely for the sake of completeness, but because even intelligent people did not properly understand the question, in other words, there must have been defects in the first presentation, especially in the *analysis of commodities*'. Marx to Kugelmann, 13 October 1866 (CW42: 327).
- 50 While adhering to the wage-fund theory, Fawcett explicitly addressed the question of capital and labour mobility, and sought to express economic categories with an ever-wider generality (Fawcett 1865: 4–5; 226–30; Wood 1979: 400–1).
- 51 For similar formulations, see *MEGA*² II/11: 73, 651. 'We presuppose the entire production of the world market as conducted in a capitalist form' (*MEGA*² II/11: 655, 697).
- 52 For a discussion of this passage and later interpretations of it, starting from Lenin's and Luxemburg's, see Pradella 2013.
- 53 This point is made explicit in the French edition of *Capital* Volume 1, where Marx draws 'a relationship between his crisis theory and the phenomenon of modern imperialism' (Anderson 1983: 74).
- 54 Tinker (1974), Sen (1977), Campbell (1971) and Campbell, G. (2005). In *Capital* Volume 1, Chapter 10, Marx defines the 'free' migration of the 'industrial era' as a new form of slave trade (CI: 378).
- 55 This was the case in the previously mentioned example of China (*G*: 729). See also Banaji (2010).
- 56

In any given branch of industry centralization would reach its extreme limit if all the individual capitals invested there were fused into a single capital. In a given society this limit would be reached only when the entire social capital was united in the hands of either a single capitalist or a single capitalist company.

(CI: 779)

- 57 Marx's attention to the intrinsic connection between internal and international aspects of 'primitive accumulation', in their class constitution, helps us to overcome the separation between 'internalist' and 'externalist' interpretations of the origin of capitalism that prevailed in the transition debate in the 1950s, and also in the Brenner–Wallerstein debate (Hilton 1976; Brenner 1977).
- 58 For further discussions of 'primitive accumulation' see Perelman (2000) and Pradella (2010: 179–228).
- 59 For a diagnosis of the limitations of deriving the state directly from capital, see Jessop (1983: 139–40).
- 60 This point, in my opinion, is not clearly asserted by Callinicos (2009).
- 61 See, in particular, Marx's letter to Engels of 10 December 1869 (CW43: 398), and his letter of 9 April 1870 to Sigfrid Meyer and August Vogt (CW43: 473–5). See also Nimtz (2002), Pradella (2010: 273–82) and Anderson (2010: 240–1).

Conclusion

This work intends to contribute to developing a genuinely international perspective on the global political economy, capable of overcoming the national and Eurocentric approaches still dominant in international/global political economy (IPE/GPE) debates. If the current economic crisis has shaken the neoliberal view of the market as a self-regulating mechanism promoting universal growth and well-being, neo-institutionalist and new developmentalist critics share the methodologically nationalist assumptions of the neoclassical theory. In affirming the necessary ‘extra-market’ role of the state in promoting development and growth, they repropose the same dualism between state and market, and between domestic and international spheres, which characterises the neoliberal doctrine. In assuming that Marx’s main work focused on a self-enclosed national economy and did not undermine Ricardo’s theory of comparative advantage, however, many Marxist scholars have also not overcome these separations. Externalising ‘the international’, this approach opens a gulf between theory and history, proving unable radically to question the Eurocentrism denounced by postcolonial studies.

The present book argues that Marx’s critique of political economy lays the foundations for developing a critical understanding of the capitalist system as a whole. His notebooks show his deep engagement with the economic and political tradition of the modern age against the background of the processes of trade and colonial expansion underpinning the genesis of the capitalist mode of production. The starting point of analysis of political economy was not a self-enclosed national economy, but the international system as a whole. Contrary to the very disciplinary assumptions of IPE/GPE, political economy has *always* been an international political economy. The globalisation question is thus reframed as the problem of ascending from the abstract categories of value, labour and exchange to the concrete sphere of the world market. This problem, with its deep implications for the understanding of history, is not just an intellectual operation but calls into question an overall political perspective. The fundamental link between theory and praxis is not internal to the theory: only by locating the theory within the existing political conflicts is it possible to understand its own evolution.

Chapter 1 of this book has traced the first steps of the elaboration of political economy in its progressive separation from political thought. So-called mercantilist

economists developed a *qualitative* representation of the relations of their time. They attributed a central importance to labour, which they deemed to be one of the main pillars of the colonial economy, and affirmed the antagonistic character of the relation between capital and wage labour. Mercantilist writings thus provide us with important sources for reconstructing the conditions and the acts of revolt of a growing Atlantic working class (Linebaugh and Rediker 2000). Mercantilists also affirmed the necessary role of the state in promoting development, the existence of rivalries between the European powers in their commercial and colonial expansion, and the central importance of maintaining the colonies in a condition of dependency. Because of the still low development of capitalism at the time, however, they did not ground their understanding of the international political economy in an analysis of capitalism as a mode of production, confusing capital and money. If the world market, global production processes, inter-state rivalries and colonialism have been the central object of the political economy inquiry from its inception, only with the elaboration of the labour theory of value were these processes incorporated into the theoretical foundations of the discipline.

In a way that is only apparently paradoxical, these advances were permitted by Britain's position of global prominence. Such a position, in fact, made it possible for classical economists to abstract from political factors and to adopt a deductive approach. Presupposing a completely globalised system, they investigated the origin of value in production and identified labour with the source of value and of capital. They then ascended from these relations in production to the more concrete level of inter-state relations and the world market. If value is a relational concept, which implies the existence of a plurality of societies, by focusing on the formal aspects of the wage-labour relation classical economists identified the origin of surplus value with labour exploitation and recognised the antagonistic nature of the system, conceptualising the necessary role of the state – of the multiplicity of states – in capital accumulation on a world scale. This point is of extreme importance for understanding the contradictions of contemporary globalisation theories. The classics' presupposition of a fully expanded capitalist system and their abstraction from political factors, in fact, was not synonymous with an early 'hyper-globalism', but allowed identification of the logic of both capital and the state, the latter *separate* from but *subordinate* to capital. The labour theory of value, therefore, is not abstractly national or international, but expresses the logic of capital universalisation, its becoming world.

For Marx, the origin of *all* contradictions of classical political economy lies in the classics' lack of analysis of the origin of surplus value, which led to a shift from a value-based to a nation-based analysis. In Chapter 1 we discussed how their failure to offer a coherent analysis of the formal aspects of the relation between wage labour and capital, and their focus on the material side of it, underpinned an atomistic view of the world market as a spontaneous and self-regulating process, which led to a *separation* between state and market. Criticising the law of compensation and Smith's confusion between net and gross revenue, Ricardo identified national wealth with profits and rents, and dissolved

the autonomy of the latter, which he traced back to capital. By affirming that capital is independent of the well-being of the population, Ricardo undermined the theory of population and was able to grasp the laws of the international movement of labour and capital – a process of uneven and combined development driven by a relentless quest for profits. In the light of the labour theory of value, in fact, free trade would lead to the concentration of production activities in Portugal, where Ricardo placed the most productive capital. This approach allowed him to lay the foundations for understanding the capitalist system in the age of British free trade imperialism: when the increased global mobility of commodities, capital and labour was enhancing the concentration of the most competitive capital in Britain, displacing manufacturing production in other countries and creating a global industrial reserve army.

The classics thus laid the foundations of a theory of imperialism and of uneven and combined development, but also, at the same time, of the liberal free trade doctrine. Aiming to support capital, in fact, Ricardo sought to develop the cosmopolitan aspects of Smith's system, overcoming his theory of absolute advantage and denying that a connection existed between relative overproduction, profit rates and expansionism. He thus more coherently grounded the view that production is aimed at the consumption of the national population; capital's field of accumulation appeared to be confined within national borders, and the working population to coincide with the national population. In this model, the theories of rent and of population play a central role in explaining the tendency of the rate of profit to fall. The quantity theory of money, moreover, underpins the theory of comparative advantage, which depicts free trade as the recipe to promote universal growth, as a spontaneous process in which the state is separate from capital. Ricardo did not see the universalisation of the system as an organic result of the system itself, and ended up by denying the existence of an overarching logic of accumulation. This model, minus the labour theory of value, represents the basis of the neoclassical theory of international trade.

The naturalisation of capital also led to a *separation between theory and history*. Capitalism appeared to be the culmination of historical development understood as a process of civilisation. This approach progressively removed any analysis of the institutional factors that had permitted industrialisation in Britain and of its consequences nationally and internationally, and instead led to a reliance on the myth of a 'primitive accumulation' to explain the genesis and the reproduction of the system. 'Intrinsic' characteristics of individuals and entire people explained their position in the international division of labour. While the classics had laid the premises for understanding history as an antagonistic process based on the development of productive forces and had identified the factors of historical change, their naturalisation of the capitalist system led to a justification of the inequalities produced by it, reproposing in a new form the openly colonial approach of the mercantilists. This resulted in an atomistic, teleological and unilinear approach in the study of human societies, according to which each people has to go through the same stages in order to reach industrial development. For Marx, these contradictions expressed the limits of bourgeois

political economy, which could remain a science only as long as the class struggle remained latent or not fully developed. Their lack of analysis of the antagonism between capital and wage labour, therefore, led to a *separation* – but not to a *dualism* – between domestic and international domains, economy and politics, theory and history.

In his philosophical system, Hegel sought to overcome these separations. He wrote in an era in which the first industrial crises had erupted and, with the rise of the labour movement and utopian socialism, the first practical and theoretical critiques of capitalism had emerged. Chapter 2 has shown that Hegel sought to incorporate some elements of Saint-Simon's and Sismondi's critiques of political economy, especially with regard to the social question in the core countries of the industrial system. His recognition of the centrality of labour allowed him partially to overcome some contradictions of the classical economists, and *explicitly* to conceive capitalist society as a historically determined and expansionist system. Hegel, in fact, analysed the economic roots of poverty, exploring the link between labour alienation, the concentration of capital and the production of the rabble. Since he did not recognise the political subjectivity of the rabble but also thought that its demands were justified by the 'right of necessity', he sought a way out of the contradictions of civil society in the policies of state support for the expansion of commerce and colonisation. Like Sismondi, he emphasised the limits to demand for explaining the expansionist logic of capital, without explicitly identifying its roots in production, and did not extend to the colonies his analysis of the contradictions of civil society.

Hegel not only justified, but also promoted this expansionist project, describing it as a process of civilisation that responds to a world interest. In order to do so, his philosophy of history discarded the materialistic approach of the classical economists and the utopian socialists, and abstracted from the evolution of the forces of production. The diachronic vision of the development of World Spirit, which singularises its will in self-enclosed nations, explicitly translates into a criterion of subjugation of less developed peoples. Crucially, in doing so, Hegel represented a particular political position, which opposed the first critiques of 'civilisation' that had emerged within the French Enlightenment and the utopian socialist tradition. Hegel reversed Sismondi's condemnation of British colonialism and his critique of capitalist civilisation, concealed the existence of the state of Haiti and deliberately misrepresented his sources to depict entire peoples as inferior. Naturalising the system, Hegel did not distinguish the concrete in thought from its presupposition, capitalist society, running into insurmountable contradictions. He was unable to overcome the separation between state and civil society, and, therefore, that between theory and history. If Eurocentrism is an integral part of Hegel's political economy, and of classical political economy in general, however, within Hegel the rabble emerges as the living expression of the contradictions of political economy, thus disclosing new spaces of critique.

Only against this backdrop can we understand the point of departure of Marx's *critique* of political economy. Identifying its elements of continuity and

discontinuity with Hegel and the classics enables us to avoid a widespread tendency to compare Marx and his predecessors on specific issues, like the theory of history, without relating these to their overall systems. An appreciation of the origins of Marx's theory of historical materialism and of his critique of political economy, moreover, is impossible unless seen in the context of the expanding critique of civilisation within the French Enlightenment and the utopian socialist tradition: a point that, unfortunately, is almost completely ignored in contemporary debates on Eurocentrism. Despite his focus on the section on internal state law in his 1843 critique of Hegel's *Philosophy of Right*, Marx's reconceptualisation of politics as a transformative practice immanent to social reality allowed him to overcome the horizon of the nation-state, thus opening to the continent of political economy and elaborating the results of the first critiques of civilisation. Marx identified the proletariat with the subject able to realise the practical critique of political economy, reconciling individuality and humankind. It was this revolutionary approach that allowed him to consider capitalism as a historically determined and surpassable mode of production that, precisely for this reason, can be conceived of as a *totality*, thus going beyond the separations in which the classical political economists and Hegel remained enthralled.

Chapter 3 has shown the variety of sources of Marx's critique of political economy, first drafted in the 1844 *Economic and Philosophic Manuscripts* and in the 1845 article on Friedrich List's national political economy. Significantly, Marx denounced the imperialist nature of liberal cosmopolitanism from the very beginning of his economic studies, in which he raised questions such as the influence of foreign trade on the rate of profit, colonialism and 'unequal exchange'. In spite of this attention to inter-state antagonisms, Marx dismissed the scientific character of List's national political economy, which is still a point of reference for development economics and critical IPE. Marx criticised List for denying the international validity of the labour theory of value, and for separating domestic and internal spheres. His recourse to extra-economic factors was aimed at presenting late development as in the interest of the nation as a whole and at justifying the expansionism of German capital at the expense of the 'barbarian' peoples of the 'torrid zone'. While the classics' view of the state as a self-contained unit and the resulting unilinear view of history derive from a lack of development of the labour theory of value, the negation of the antagonism between capital and wage labour is the *starting point* of the national political economy of Friedrich List. His national system represents therefore, from my point of view, the origin of a proper methodological nationalism and Eurocentrism in the analysis of development. This overall analysis explains the roots of what Michael Mann (1988: 151) defines as a *dualism* of contemporary state theories: on the one hand, a liberal tradition, focused on domestic administrative and political aspects of state intervention; on the other, a militarist tradition that addresses mainly its geopolitical and military aspects.

The reconstruction presented in this book allows us to clarify the origin of the apparent paradox by which contemporary realist and new developmentalist critics of neoliberal globalisation, while affirming the centrality of the state, do

not analyse its nature with regard to social relations, treating exploitation as an extrinsic element and downplaying the international relations in which development takes place. The view of the state as autonomous of socio-economic relations presupposes the autonomy of capital and, therefore, a structural absence of labour. For Marx, on the contrary, List's thesis of the fundamental role of the state in development was nothing new and had already been theorised not only by the mercantilists but the classics as well. The latter had laid the premises for understanding processes of late development against the backdrop of capital accumulation on a global scale and for grasping the objectives of developmental policies. The antagonistic relations between nations and the development of new capitalist states were subordinate to the system's laws and to an overall, globalising antagonism between capital and wage labour.

Marx's notebooks of the 1840s provide evidence that the 'international' had a central place in the elaboration of the materialistic conception of history, which proceeded hand in hand with that of the labour theory of value and of the revolutionary socialist programme. Marx never believed in a 'trans-nationalising' logic of capital according to which inter-state conflicts would be replaced by the polarisation of classes at the global level. On the contrary, he continuously attempted to understand the relation between inter-class and inter-state antagonisms, going back to this question at every stage of his elaboration. In his notebooks, Marx distinguished two main phases of development of the world market (the 'pre-industrial', and 'industrial' ones), and conceived of the economic systems of the European powers as colonial systems. He also analysed the processes of deindustrialisation and impoverishment in colonised and dependent countries, delving into the concrete situation of an impressive range of countries. In spite of the limited results of the application of the historical materialistic approach, Marx's and Engels's critique of the naturalisation of private property and their attention to the international aspects of capitalism laid the premises for analysing the interaction between different forms of social organisation. This approach excluded *systematically* unilinear interpretations of history and also the *stageist* vision of revolution that later characterised 'orthodox Marxism'.

Chapter 3 also sought to trace the roots of the limits of Marx's and Engels's conception of capitalism and revolution before 1848, which mainly lay in their still partial critique of political economy. Marx adopted the labour theory of value but also the quantity theory of money and the theories of rent and population. As he adhered to the iron law of wages and believed that wages tended towards the physiological minimum, he underestimated the effects of the expansion of markets, international investments and colonisation, and the possibility of real wages to increase as a result of technological development. This 'economic pessimism', along with the objective problems faced by the revolutionary movement in the late 1840s, contributes to explaining Marx's and Engels's excessive revolutionary optimism at the time, and their problematic positions on free trade, colonialism and the national question. Although Marx never was an organic intellectual of European imperialism, therefore, his pre-1848 vision of international revolution retained some Eurocentric elements.

Identifying these limits allows us to understand more clearly the theoretical and political significance of Marx's studies in the early 1850s as documented in the London Notebooks: a still relatively unknown phase of his research. These studies mark a *qualitative advance* in Marx's analysis of capitalist accumulation and pre-capitalist societies. Chapter 4 has highlighted the centrality in this process of Marx's critique of the quantity theory of money. This represented a real *turning point*, which allowed him to integrate into his analysis of capital the processes of capitalist expansionism and of so-called primitive accumulation that he had examined since the 1840s. In the light of his critique of the quantity theory of money, in fact, Marx questioned the theory of comparative advantage and the vulgar elements of Ricardo's system of political economy, including those aspects of his theory of rent and population that underpinned the iron law of wages. A crucial role was played by the study of the Ricardian socialists and their formulation of the concept of surplus value, whose extraction implies a continuous expansion of the foreign trade and the empire. This study provided Marx with tools for investigating the close link between industrial capital and colonialism as affirmed by the main exponents of the Colonial Reformers' Movement, delving into the history of non-European societies before colonialism and into world history more in general.

Contrary to dominant opinions, Marx's investigation into pre-capitalist societies in the first half of the 1850s was not just due to his journalistic activity but responded to a non-contingent interest, present from the beginning of his elaboration of historical materialism. Marx, in fact, also studied the history of culture and of the condition of women, coming to know Millar's path-breaking analysis of matriarchy in 'primitive' societies, which put in question Marx's own previous idea of the inherently patriarchal nature of the family. The notebooks, moreover, provide evidence of some aspects that do not emerge as clearly in Marx's articles on India, such as his awareness of the complexity of the social structure of Indian society; his attention, free of romanticism, to the democratic forms related to the common ownership of the land, and his research into a unitary scheme of human development. Thanks to these studies, Marx identified the basis of the 'Asiatic form' with primitive communal property and questioned the existence of an absolute sovereign right over land: this idea, inconceivable in such societies, responded to European interests of commercial expansion. Property now appeared as a secondary relation, presupposing an original unity between humankind and the earth. This allowed Marx to overcome the dualistic view of a democratic West and a despotic East, elaborating a unitary scheme of human development in which non-European people appear as active historical agents. Marx's subsequent formulation of the concept of the Asiatic mode of production was closely linked to this increased awareness of the diverse but intertwined paths of international revolution: an aspect that is often underestimated in debates on unilinearity or multilinearity in Marx's conception of history.

This reconstruction proves that Marx's critique of political economy proceeded hand in hand with his critique of the Eurocentric system of which

political economy was an expression, allowing him to recognise the political subjectivity of non-European peoples. Expanding on Lapides's pioneering work on Marx's wage theory (1998), Chapter 4 concludes that it was Marx's deeper understanding of capitalist accumulation as an imperialist process that allowed him to develop an articulated theory of wages, taking account of the economic possibilities of workers' struggles and trade union activity. Questioning the iron law of wages, in 1853 Marx understood that technological development and expansionism could lead to material improvements in the condition of the working class in imperialist countries. Undermining his previous 'economic pessimism', this awareness shed light on the difficulties and potentialities of the labour movement internationally, leading Marx to modify his view of permanent revolution. He thus acknowledged the relation between the proletarian movement and peasant-based movements, both in Europe and in the colonial world, attributing an increasing importance to the national question. At the end of the 1850s, Marx predicted that Britain was not going to be able to conquer China and, in the wake of the emancipation movement in Russia, affirmed that the Russian commune was a possible starting point for a communist revolution, if a peasant movement there could link up with a revolutionary labour movement in the West. Communal forms of social organisation thus manifested in practice the *limits of teleological approaches*. In my view, Marx's passages on British rule in India, which always differed from his positions on Russia and China and have attracted so much debate, do not reflect an inherently Eurocentric stance on the part of Marx, but rather his *political* analysis, certainly questionable, of the specific conditions for the emergence of a unitary national movement in India.

Marx's notebooks are therefore of the highest importance for understanding the scope and approach of his critique of political economy. They provide evidence that, if 'the international' had a central place in the elaboration of the materialistic conception of history, Marx developed his theory of surplus value presupposing not only the *historical* but also the *logical* primacy of the world market. His awareness that the functions of money could not be reduced to that of means of circulation, but also included that of hoarding, means of payment and world money allowed him to integrate the processes of so-called primitive accumulation into the concept of capital. Accumulation, in its turn, appeared to be a process of approximation of labour to the abstract and socially indeterminate labour that is the substance of value and world money. Looking for an appropriate form of presentation of capital as an organic relation, in his 1857–8 plans Marx sharply divided capital in general from competition. Through the development of the theories of reproduction, profit and prices of production, however, he then overcame such a sharp division and integrated in *Capital* Volume 1 some of the issues he originally wanted to present in the books on the state, foreign trade and the world market. In developing his analysis of reproduction in the 1861–63 *Manuscript*, Marx presupposed the system to be completely globalised. This point is crucial. If in the 1857 Introduction Marx had maintained that the real economic science emerged once it moved from the analysis of circulation to that of production, in fact, only by abstracting from circulation could

he understand the system as a totality, and not as an aggregation of national units. On this basis Marx developed the theory of surplus value and profit, and delved into the questions of the relation between foreign trade and the rate of profit, and of the modification of the law of value in the world market: two questions that he had raised since his Paris studies but he could now address on the basis of his articulated analysis of labour exploitation, anticipating some issues at the centre of contemporary debates on dependency theory and super-exploitation.

This analysis questions the widespread assumption that, in *Capital*, Marx analysed a 'national' economy: an assumption that contradicts Marx's view of the world market as a point of arrival but also as 'presupposition' and 'substratum' of capital. If capital derives from *world money*, transformed into capital by means of labour exploitation, analysis of reproduction shows that capital in its entirety is resolved into surplus value: capital is *dead labour* which, as value, has become independent vis-à-vis *living labour*. Marx's presupposition of the capitalist system as completely globalised reflects the tendency of the capital of the dominant states to expand its field of action worldwide, and, at the same time, it expresses the *extreme limit* of capitalist development, allowing identification of its general laws, to which new developers are also subordinate. A point that is ignored or underestimated in contemporary debates is that, for Marx, the multiple patterns of capitalist uneven and combined development are subordinate to a unitary logic, to the *absolute* law of impoverishment of the working class in particular. These processes, at the same time, lay the basis for the reinforcement of the revolutionary movement internationally. Any increase in the productive power of social labour subsumed under capital, in fact, is due to *cooperation*, which expands itself with the field of action of capital and has the same universalising tendency. The development of capital is the development of the working class, which Marx did not interpret in reductionist terms as coinciding with the Western industrial proletariat, but in dynamic terms as a global and globalising class shaped along national, racialised and gendered lines. Capitalist development generates new sources of structural power for workers and lays the basis for the creation of its historical alternative, communism. *Capital* is essentially an analysis of the antagonism of two different social systems, which Marx saw at work in reality and in which he intervened actively by elaborating the 'tools' necessary to the revolutionary movement. Only against this overall antagonism can we understand Marx's analysis of the state in the Part on the so-called primitive accumulation in *Capital* Volume 1.

The incompleteness of Marx's project does not mean, therefore, that his work was confined to a national sphere. In *Capital*, on the contrary, Marx integrated the international sphere more systematically into his analysis, postponing the examination of the modifications to the economic categories constituting that sphere. It is certainly true, therefore, that he gave only partial answers to the question of the ascent from the abstract categories to the concrete reality of the world market. Yet these answers nevertheless indicate a research direction. Further analyses would require a fuller investigation into Marx's conceptualisation of the national sphere and of the mechanisms of 'unequal exchange', into

the relation between money and capital, and between value and price of production, and into the theory of classes, of the credit system and of rent, along with a deeper study of the economic and political dimension of state intervention. This book seeks to clarify some fundamental premises of these investigations, contributing to studies of *Capital* Volume 1, in its subsequent revisions, as well as of Marx's manuscripts for Volume 2 and 3, and of his notebooks and writings in the last phase of his life. It provides some elements for assessing continuity and changes in Marx's elaboration more accurately, without succumbing to a now influential trend in *MEGA*² studies in pursuit of a 'new Marx'.

In the late 1860s, Marx still saw world crises as eruptions of the contradictions of capitalist society, but no longer believed in an immediate connection between crisis and revolution. In the light of his greater awareness of the mechanisms of capitalist uneven and combined development, moreover, he stopped speaking of the civilising effects of capital. He never put in question, however, the dialectical conception of history that underpinned that earlier formulation, namely the identification of the contradiction between the development of the productive forces – based on an ever expanding labour cooperation – and their private appropriation. As a result of his commitment to the First International and his subsequent studies, Marx turned his gaze increasingly towards non-European societies, attributing a primary importance to the Irish anti-colonial struggle for national independence. His changes and additions to the 1872–5 French edition of *Capital* Volume 1 (only partly taken up by Engels in its third and fourth German editions) make the relation between capitalism and expansionism even more explicit. In these years, Marx also deepened his analysis of the history of agrarian relations, which he decided to include in *Capital* Volume 3 (Pradella 2011a).

His notebooks of the late 1870s and early 1880s (already partially published by Krader in 1972, by Harstick in 1977 and in Marx 2001) shed light on a relatively unknown phase of his life, revealing his growing interest in pre-capitalist societies and the emerging science of anthropology (see Harris 1968). They also allow us to trace, as Raya Dunayevskaya emphasised (1982), Marx's further elaboration of an analysis of primitive egalitarianism and the condition of women that, as we have seen, he had already laid out in the early 1850s. Marx devoted himself to this study with such a depth and commitment that Hans-Peter Harstick – who in 1979 published Marx's notes on the Russian anthropologist Maxim Kovalevsky on common ownership in Algeria, India and in pre-Columbian America – argued that his interest had then shifted from Europe to Asia, Latin America and North Africa (Harstick 1979: 2). While this statement contains some exaggeration and separates these studies from Marx's wider work on capital and his political reflections, these notebooks certainly represent an essential source for understanding how he addressed the process of capitalist globalisation in relation to pre-existing social formations in the last years of his life. Only a few scholars, however, have examined these notebooks and related them to Marx's economic and political analysis of the time, including his reflections on the evolution of the International and of the nascent socialist parties

(see, in particular, Treide 1990; Foraboschi 1994; Smith 2002; Anderson 2010 and Brown 2012).

The reconstruction presented in this book is preliminary for understanding the ways in which Marx elaborated his own analysis, and we can strive to develop and apply it today. Marx himself teaches us that the critique of political economy is not an isolated discipline: to understand its relevance we need to relate it to the present global transformations and the new challenges they disclose. In the light of this reconstruction, the 'international' does not appear as a static entity, but as the concrete, *imperialist* process of globalisation of capital, which is not an independent force but the product of a growing world working class. Only by positing labour as subject of inquiry and workers as political subjects is it possible to understand the underlying tendencies of the global political economy and the concrete shape of the international system. Marx's work is of central importance for rejecting the reification of, and the dualism between, state and market characteristic of mainstream IPE and International Relations, but also of some critical strands of the disciplines (Rosenberg 1994). By illuminating the centrality of labour, Marx's critique of political economy allows us to identify the very roots of capital and, therefore, the forces capable of shaping development and questioning its power. His continuous efforts to take account of the specific and evolving relations between the workers movement, peasant-based struggles, and national and anti-colonial revolutions, moreover, offer a fundamental lesson. They encourage us to develop a critique of Eurocentrism not confined to the intellectual plane, but grounded in the conditions of class power and global interdependence that exist today.

Appendix

Index of London Notebooks

The complete index of Marx's and Engels's notebooks, which are held at the International Institute of Social History (Amsterdam), is available at: www.iisg.nl/archives/en/files/m/ARCH00860full.php#N11241

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[Heft XLI], [Ende 1849], englisch, deutsch. 12 S. S. 1–12: Notizen aus *Economist* v. 15.IX.–20.X.1849.

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[Einzelseiten aus verschiedenen Heften], IX.–X.1850–1863, deutsch, franz., englisch. 17 S. (2 Seiten = erste u. letzte Seite eines Heftes). NB: Seitenzahlen von Marx: S. 1: Inhalt; S. 2: Thomas Tooke, *A History of Prices*, IV; S. 4–7: John Fullarton: *On the Regulation of Currencies*, 1844; S. 9–10: Thomas Tooke, *A History of Prices*; S. 23: Thomas Tooke, *A History of Prices*, III, London 1848; S. 30–5: Thomas Tooke, *A History of Prices*, IV.; S. 31–2: W. Blake, *Observations ...*; [1 S.]: Coxe-papers (vgl. B 77); [Rückseite:] *The Portfolio* (vgl. B 65); S. 170–1: Karl Sienkiewicz, *Recueil des documents ...*, 1854 (unvollst.).

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[Heft L], XI.–XII.1850, deutsch, englisch. 63 S. S. 1: Liste zu exzerprierender Bücher; S. 2: Inhaltsverzeichnis; S. 3–4: A. Bökh, *Die Staatshaushaltung der Athener, ...*, 1817; S. 5–22: William Jacob, *An Historical Inquiry into the Production and Consumption of the Precious Metals*, 1831; S. 23–4: *The Economist*, 30.XI.1850; S. 25–8, 49–52, 56: J. G. Büsch, *Sämtliche Schriften über Banken u. Münzwesen*, 1802; S. 29–38: J. G. Büsch, *Abhandlung von dem Geldumlauf ...*, 1800; S. 38–46: J. G. Büsch, *Theoretisch-praktische Darstellung der Handlung ...*, 1808; S. 47: William Jacob, *A Letter to Samuel Whitebread ...*, 1815; S. 47–8: William Jacob, *An Inquiry into the Causes of Agricultural Distress*, 1816; S. 48: William Jacob, *Considerations on the Protection Required by British Agriculture ...*, 1814; S. 53–5: *The Economist*, 9.–23.XI.1850; S. 57–63: David Ricardo, *On the Principles of Political Economy*, 1821.

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[Heft XLII], 1850, deutsch, franz., englisch. 40 S. S. 1–7: James W. Gilbart, *The History and Principles of Banking*, I, II (rev. Ausgabe?); S. 7: Gemini (T. Attwood u. N.N.), *The True Character ... of our Currency System*, 1843; S. 7–9: Gemini (T. Attwood u. N.N.), *The Currency Question*, 1844; S. 9–11: Archibald Alison, *England in 1815 and 1845*, 1845; S. 12–18, 19–20: James Taylor, *A View of the Money System of England from the Conquest*, 1828; S. 18: James Taylor, *A Letter to ... the Duke of Wellington on the Currency*, 1830; S. 20: Richard Moore, *The Case of the Currency with its Remedy*, 1829; S. 20: Alexander Mundell, *The Principle and Operation of Gold and Silver in Coin*, 1830; S. 20: *An Examination of the Currency Question*, 1830; S. 21: Edward Solly, *The Present Distress in Relation to Money*, 1830; S. 21–2: Nassau W. Senior, *Three Lectures on the Cost of Obtaining Money ...*, 1830; S. 23: Rogers Ruding, *Annals of the Coinage of Great Britain ...*, 1840; S. 23–32: Germain Garnier, *Histoire de la monnaie*, 1819; S. 32–4, 35–6: William Jacob, *An Historical Inquiry into the Production and Consumption of the Precious Metals*, 1831; S. 34–5: J. Fr. D. Reitemeier, *Geschichte des Bergbaues ... bei den alten Völkern*, 1785; S. 36–40: Notizen aus dem *Economist* von VII.–X.1850.

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[Heft LXII], 1850er Jahre, englisch, griechisch, deutsch. 6 S. S. 1: Notizen; S. 1–2: Aristoteles, *De Republica*, Liber VIII; S. 2: Aristoteles, *Ethica nicomachea*; S. 3–6: L. Stein, *System der Staatswissenschaft*, I, 1852.

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[Fragm. LXXXVI–1], 1850er Jahre, deutsch. 1 S. S. 1: Zitate von Bart. Ringwaldt(?) u. Joh. Fischart.

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[Heft XLVII], I.–II.1851, englisch, deutsch. 70 S. (beschädigt). S. 1: Verzeichnis der zu exzerpierenden Werke; S. 2: Inhaltsverzeichnis; S. 3–8: *The Economist*, 14.–28.XII.1850; S. 9: Ausführungen zum *Economist* v. 14.XII.1850; S. 10–16: J. G. Büsch, *Sämtliche Schriften über Banken u. Münzwesen*, 1802; S. 16–19: William Jacob, *An Historical Inquiry into the Production and Consumption of the Precious Metals*, 1831; S. 19–20: John Taylor, *Currency Fallacies Refuted ...*, 1833; S. 20–2: Scotus, *Strictures on the Evidence Taken before the Committee of the H.o.C. on the Bank of England Charter*, 1833; S. 22–3: *Money, the Representative of Value ...*, 1837; S. 23: *The Metallic Currency the Cause of the Present Crisis ...*, 1837; S. 23–4: Alfred, *A Letter ... upon Joint-Stock-Banks ...*, 1837; S. 24–33: Samuel Bailey, *Money and its Vicissitudes in Value*, 1837; S. 33–5, 38: T. Joplin, *An Examination of the Report of the Joint Stock Committee*, 1836; S. 36–7, 42: Samuel J. Loyd, *Reflections Suggested by ... Mr. Palmer's Pamphlet*, 1837; S. 38: William Clay, *Speech on Moving for the Appointment of a Committee to Inquire the Act Permitting the Establishment of Joint Stock Banks ...*, 1837; S. 38–9, 44: William Morrison, *Observations on the System of Metallic Currency ...*,

1837; S. 40–3: T. Joplin, *An Examination of Sir Peel's Currency Bill of 1844*, 1845; S. 44–5: Samuel J. Loyd, *Further Reflections on the State of the Currency ...*, 1837; S. 45: David Salomons, *The Monetary Difficulties of America ...*, 1837; S. 46–8: George W. Norman, *Remarks upon some Prevalent Errors ...*, 1838; S. 48–54: H. C. Carey, *The Credit System in France, ...*, 1838; S. 54–66: *The Economist*, Jg. 1847; S. 67–70: *The Economist*, 4.–11.I.1851.

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[Heft XLIII], VII.1851, englisch, deutsch. 47 S. S. 1: Umschlag; S. 2: Inhaltsverzeichnis; S. 3: Th. Hodgskin, *Labour Defended against the Claims of Capital*, 1825; S. 4: Robert Owen, *Observations on the Critique Contained in the Edinburgh Review ...*, 1819; S. 4: *The Oppressed Labourers*, 1819; S. 4: W. Copland, 'A Letter to the Rev. C. D. Brereton', 1824; S. 4–5: Nassau W. Senior, *Three Lectures on the Rate of Wages*, 1830; S. 5: *Hints on Wages ...*, 1832; S. 5–6: Robert Torrens, *On Wages and Combination*, 1834; S. 6–7: Nassau W. Senior, *Letters on the Factory Act*, 1837; S. 7–8: A. M. Brereton, *A Practical Inquiry into the Number ... of the Agricultural Labourers*, 1823? S. 9–15: *Character, Object and Effects of Trades' Unions*, 1834; S. 15: *Evils of England, Social and Economical*, 1848; S. 15: William Logan, *An Exposure of... Female Prostitution in London ...*, 1843; S. 15–18: John Fielden, *The Curse of the Factory System*, 1836; S. 18–19, 23–4, 26–31, 38: Samuel Laing, *National Distress*, 1844; S. 20–3: *Trades' Unions and Strikes (Edinburgh Review, IV.1838)*; S. 25: 'Industry and its Reward ...' (*Westminster Review*, 1842); S. 25–6: 'First Report of the Childrens' Employment Commissioners' (*Westminster Review*, 1842); S. 31–2, 38–9: Thomas Hopkins, *Great Britain for the Last 40 Years ...*, 1834; S. 33: J. C. Symons, *Outlines of Popular Economy*, 1840; S. 33–9: J. C. Symons, *Arts and Artisans at Home and Abroad*, 1839; S. 40: Charles Wing, *Evils of the Factory System ...*, 1837; S. 41–3: Samuel Laing, *Notes of a Traveller on the Social and Political State of France ...*, 1842; S. 43–7: P. Gaskell, *Artisans and Machinery ...*, 1836.

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[Heft XLIX], VII.1851, deutsch, englisch, franz. 46 S. S. 1: Notizen; S. 2: Inhaltsverzeichnis; S. 3–5: P. Gaskell, *Artisans and Machinery ...*, 1836; S. 6: J. Anderson, *An Inquiry into the Causes that have Hitherto Retarded the Advancement of Agriculture in Europe*, 1779; S. 6–7: J. Anderson, *Essays relating to agriculture and rural affairs*, 1777–96; S. 7–13: Mathieu de Dombasle, *Annales agricoles de Roville*, 1829; S. 13–15: *An Inquiry into those Principles ... Lately Advocated by Mr. Malthus*, 1821; S. 15: Samuel Turner, *Considerations upon Agriculture ...*, 1822; S. 16–20: Thomas Hopkins, *Economical Enquiries Relative to the Laws which Regulate Rent, Profit, Wages and the Value of Money*, 1822; S. 20: T. Perronet(?) Thompson, *The True Theory of Rent ...*, 1832; S. 21–5: Sir Edward West, *Price of Corn and Wages of Labour*, 1826; S. 25–8: Thomas Hopkins, *On Rent of Land ...*, 1828; S. 28: David Ricardo, *An Essay on the Influence of a Low Price of Corn on the Profits of Stock ...*, 1815; S. 28–9: David Ricardo, *On Protection to Agriculture*, 1822; S. 29–30: *The*

Source and Remedy of the National Difficulties ... A Letter to Lord John Russell, 1821; S. 30–3: Robert Somers, *Letters from the Highlands or the Famine of 1847*, 1848; S. 34–6: Justus Liebig, *Die organische Chemie in ihrer Anwendung auf Agricultur und Physiologie*, 1842.

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[Heft LV], VII.–VIII.1851, franz., deutsch, englisch. 107 S. S. 1–17: Dureau de la Malle, *Economie politique des Romains*, 1840; S. 18–20, 55–7: A. H. L. Heeren, *Ideen über die Politik ... der alten Völker (Thl. I: Asiatische Völker)*, 1824; S. 20–7: J. F. W. Johnston, *Catechism of Agricultural Chemistry and Geology*, 1849; S. 27–30: W. Johnston, *England as it is. Political, Social and Industrial ...*, 1851; S. 30–4: *The Economist*, 26.VII.–16.VIII.1851; S. 35–40: W. H. Prescott, *History of the Conquest of Mexico*, 1850; S. 40–8: W. H. Prescott, *History of the Conquest of Peru*, 1850; S. 48–54, 57–68: Herman Merivale, *Lectures on Colonisation and Colonies*, 1841–2; S. 68: F. Wakefield, *Colonial Surveying, with a View to the Disposal of Waste Land*, 1849; S. 68–72: Edward Gibbon Wakefield, *A View of the Art of Colonisation ...*, 1849; S. 72: Thomas Hodgskin, *An Enquiry into the Merits of the American Colonisation Society*, 1833; S. 73–5: T. F. Buxton, *The African Slave Trade*, 1839; S. 75–6: T. F. Buxton, *The Remedy ... a Aequel to 'the African Slave Trade'*, 1840; S. 76–81: A. H. L. Heeren, *Handbuch für die Geschichte des Europäischen Staatensystems ...*, 1819; S. 82–8: William Howith, *Colonisation and Christianity*, 1838; S. 88–99: Sempéré, *Considérations sur les causes de la grandeur et de la décadence de la monarchie espagnole*, 1826; S. 99–107: Henry Brougham, *An Enquiry into the Colonial Policy of the European Powers*, 1803.

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[Heft LVI], c. X.1851, deutsch. 44 S. S. 1–3: J. H. M. Poppe, *Lehrbuch der allgemeinen Technologie*; S. 3–10: J. H. M. Poppe, *Die Physik vorzüglich in Anwendung auf Künste ...*, 1830; S. 10–11: J. H. M. Poppe, *Geschichte der Mathematik ...*, 1828; S. 11–37: J. H. M. Poppe, *Geschichte der Technologie ...*, 1807–11; S. 37–44: Andrew Ure, *Technisches Wörterbuch*, 1843–4; S. 44: Beckmann, *Beiträge zur Geschichte der Erfindungen*, 1780–1805.

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[Heft LVII], X.–XI.1851, englisch, franz., deutsch. 42 S. S. 1: Umschlag mit Notizen; S. 2: Inhaltsverzeichnis; S. 3: Richard Price, *An Appeal to the Public on ... the National Debt*, 1772; S. 3: Richard Price, *Observations on Reversionary Payments*, 1772; S. 3–4: John R. MacCulloch, *Dictionary ... of Commerce ...*, 1846; S. 4–5: Gustav Julius, *Bankwesen. Ein neues Gespenst in Deutschland*, 1846; S. 6–7: Charles Coquelin, *Du crédit et des banques dans l'industrie*, in: *Revue des Deux Mondes*, 1842; S. 7–8: J. Faucher, *In der Bankfrage gegen Gustav Julius*, 1846; S. 8–9: F. Vidal, *De la répartition des richesses ...*, 1846; S. 9–10, 32–4: Daniel Hardcastle, *Banks und Bankers*, 1843; S. 11–14, 17–23: Thomas Corbet, *An Inquiry into the Causes and Modes of the Wealth of*

Individuals ..., 1841; S. 15–16, 35–40: A. Quetelet, *A Treatise on Man and the Development of his Faculties*, 1842; S. 24–31: Frédéric Bastiat u. Pierre-Joseph Proudhon, *Gratuité du Crédit* (Diskussion), 1850; S. 31: Berechnungen zu Bastiat; S. 34: Eugène Forcade, [Über Proudhon], in: *Revue des Deux Mondes*, 1848; S. 40–2: Samuel P. Newman, *Elements of Political Economy*, 1835.

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[Heft LIV], VII./VIII.1851 oder Ende 1851, deutsch, englisch, italienisch, lateinisch. 60 S. S. 1–2: K. D. Hüllmann, *Städtewesen des Mittelalters*, 1826–9; S. 2–6: F. De Forbonnais, *Recherches et considérations sur les finances de France*, 1784; S. 7–29: Simonde de Sismondi, *Historical View of the Literature of the South of Europe*, 1846; on S. 14–15, 16–17, 19–20: Bibliogr. u. kleine Exzerpte von Italienischer Literatur; S. 30–3, 37–41, 42–60: Fr. Bouterwek, *Geschichte der Poesie und Beredsamkeit*, 1801–12; S. 34: Jordano Bruno, *Candelajo*, 1582; S. 34: Jordano Bruno, *De triplici minimo et mensura* ..., 1591; S. 34–5: Jordano Bruno, *De la causa, principio, et uno*, 1584; S. 41/42: Bibliogr. von Bruno.

B 54

[Heft XLIV], c. III.1851, deutsch, franz. 81 S. S. 1–2: G. W. Gilbart, *An Inquiry into the Causes of the Pressure on the Moneymarket* ..., 1840; S. 2–3: E. Thornton, *Observations on the Report* ..., 1811; S. 3–5: Albert Gallatin, *Considerations on the Currency and Banking System of the United States*, 1831; S. 6–8: James W. Gilbart, *The History of Banking in America*, [1837]; S. 8–9: James W. Gilbart, *The History of Banking in Ireland*, 1836; S. 9: Samuel Bailey, *A Defense of Joint Stock Banks* ..., 1840; S. 10–15, 17–22: C. Raguét, *A Treatise on Currency and Banking*, 1840; S. 16–17: T. Twiss, *View of the Progress of Political Economy*, 1844; S. 22–7: *The Currency Question Reviewed* ..., 1845; S. 27–9: J. W. Bosanquet, *Metallic, Paper and Credit Currency*, 1842; S. 29–31: *Report ... from the Select Committee ... into the Cause of the High Price of Gold Bullion*, 1810; S. 32–33: Charles Bosanquet, *Practical Observations on the Report of the Bullion-Committee*, 1810; S. 33–5: David Ricardo, *The High Price of Bullion* ..., 1811; S. 35–6: David Ricardo, *Reply to Mr. Bosanquets Practical Observations*, 1811; S. 36–42: Thomas Tooke, *An Inquiry into the Currency Principle*, 1844; S. 42–4: R. Torrens, *On the Operation of the Bank Charter Act of 1844* ..., 1847; S. 44–7: John G. Hubbard, *The Currency and the Country* ..., 1843; S. 47–8: William Leatham, *Letters on the Currency* ..., 1840; S. 48–52: Marx, fragment. Konzept über das Geld ('Die Unterscheidung des Handels ...'); S. 52–8: *Reports ... from Committees of the House*, 1810; S. 58–72: *Reports from Committees. Commercial distress*, 1847–8, Vol. II, Pt I; S. 72–81: Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. MacCulloch, 1828.

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[Heft XLV], c. V.1851, englisch, deutsch, italienisch. 88 S. S. 1: Adam Smith, *An inquiry into the nature and causes of the wealth of nations*, ed. MacCulloch,

1828; S. 1–2: G. Ustariz, *The Theory and Practice of Commerce*, 1751; S. 2–7, 66–7: *The Economist*, Jg. 1845; S. 7–11: John Morton, *On the Nature and Property of Soils*, 1838; S. 7, 11–18, 22–8, 41–2, 52, 54–5, 68–77: James Steuart, *An Inquiry into the Principles of Political Economy*, 1770; S. 19–21, 29–40, 43–9, 53, 56–65: David Ricardo, *On the Principles of Political Economy*, 1821; S. 50–1: Antonio Serra, *Breve trattato della cause che possono far abbondare li Regni d'oro e d'argento ...*, 1803; S. 77–8: G. Montari, *Della Moneta. Trattato mercantile*, ed. 1804; S. 78–9: R. Torrens, *An Essay on Money and Paper Currency*, 1812; S. 80–3: William M. Gouge, *A Short History of Paper Money ...*, 1833; S. 83–8: W. Cooke Taylor, *The Natural History of Society ...*, 1840.

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[Heft XLVI], c. II.1851, englisch, deutsch. 74 S. S. 1–8: *The Economist*, Jg. 1847; S. 8–18: *The Economist*, Jg. 1844; S. 18–20: David Hume, *Essays and Treatises on Several Subjects*, 1777; S. 20–4: John Locke, *Some Considerations on the Consequences of the Lowering of Interest*, in: *Works*, II, 1768; S. 24–32: Henry Thornton, *An Enquiry into the Nature ... of Paper Credit*, 1802; S. 33–6: T. Mortimer, *Every Man his own Broker ...*, 1782; S. 36: Robert Hamilton, *An Inquiry concerning ... the National Debt ...*, 1814; S. 37: William Cobbet, *Manchester Lectures in Support of his Fourteen Reform Propositions ...*, 1832; S. 37–9, 53–7, 62–3: John Francis, *History of the Bank of England*, 1848; S. 39–41: T. Joplin, *Currency Reform: Improvement not Depreciation*, 1844; S. 41–2: *The Currency Question; Currency Records ... 1819 and 1844*, 1847; S. 42–9: John Gray, *Lectures on the Nature ... of Money*, 1848; S. 49–53: P. J. Stirling, *The Philosophy of Trade ...*, 1846; S. 57–9: G. M. Bell, *The Philosophy of Joint Stock Banking*, 1840; S. 60–2: G. M. Bell, *The Currency Question ...*, 1841; S. 63–5: John G. Kinnaer, *The Crisis and the Currency ...*, 1847; S. 65–6, 68–73: G. M. Bell, *The Country Banks and the Currency*, 1842; S. 67–8: *The City, or the Physiology of London Business ...*, 1845; S. 73–4: ... mond(?), *Causes which Lead to a Bank Restriction Bill*, 1839; S. 74: *The Economist*, I.I.–15.II.1851.

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[Heft LI], 1851, englisch, deutsch. 42 S. S. 1–3: George Ramsay, *An Essay on the Distribution of Wealth*, 1836; S. 4–5: Thomas de Quincey, *The Logic of Political Economy*, 1845; S. 5–11: H. C. Carey, *Essay on the Rate of Wages, ...*, 1835; S. 10: 'Dialogues of Three Templars on Political Economy' ... (*London Magazine*, 1824); S. 12–36: H. C. Carey, *Principles of Political Economy*, I, II, 1837–8; S. 36–41: H. C. Carey, *The Past, the Present and the Future*, 1848; S. 41–2: T. R. Malthus, *Principles of Political Economy ...*, 1836.

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[Heft LII], 1851, englisch, deutsch. 90 S. S. 1: W. A. Mackinnon, *History of Civilisation*, 1846; S. 2–20, 34–9, 65: J. D. Tuckett, *A History of the Past and Present State of the Labouring Population*, 1846; S. 21–3: John Barton, *Observations on ... the Condition of the Labouring Classes of Society*, 1817; S. 23–4: *The*

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[Heft LIII], 1851, deutsch, englisch. 58 S. S. 1–7: Justus Liebig, *Die organische Chemie in ihrer Anwendung auf Agricultur und Physiologie*, 1842; S. 7: J. C. London, *An Encyclopedia of Agriculture* ..., 1831; S. 8–9: Joseph Townsend, *A Dissertation on the Poor Laws*, 1817; S. 9: Joseph Townsend, *A Journey through Spain* ..., 1791; S. 10: Wallace, *A Dissertation on the Number of Mankind* ..., 1753; S. 11: David Hume, *Political Discourses*, 1752; S. 11–13: T. R. Malthus, *An Essay on the Principle of Population*, 1798; S. 13–14: George Purves, *Gray versus Malthus, the Principle of Population*, 1818; S. 14–21: W. Thomas Thornton, *Overpopulation and its Remedy*, 1846; S. 21: Robert Vaughan, *The Age of Great Cities*, 1843; S. 21–3: Thomas Doubleday, *The True Law of Population*, 1842; S. 23: W. P. Alison, *Observations on the Management of the Poor in Scotland*, 1840; S. 24–34, 55–6: Archibald Alison, *The Principles of Population*, 1840; S. 34–55: J. F. W. Johnston, *Lectures on Agricultural Chemistry and Geology*, 1847; S. 57–8: *The Economist*, 28.VI.–5.VII.1851.

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[Heft XLVIII], XI.1851–VII.1852, englisch, deutsch. 64 S. S. 1–7: *The Economist*, 23.VIII.–8.XI.1851; S. 8: Samuel P. Newman, *Elements of Political Economy*, 1835; S. 8: Francis W. Newman, *Four Lectures on the Contrast of Ancient and Modern History*, 1847; S. 8–9: John Gray, *The Social System*, 1831; S. 10–13, 31: Henry Hallam, *View of the State of Europe* ..., 1846; S. 14–18: K. D. Hüllmann, *Geschichte des Ursprungs der Stände in Deutschland*, 1830; S. 18–21: K. D. Hüllmann, *Geschichte des Ursprungs der Deutschen Fürstenwürde*, 1842; S. 21–6: K. D. Hüllmann, *Deutsche Finanzgeschichte des Mittelalters*, 1805; S. 26–31: J. Dalrymple, *An Essay towards a General History of Feudal Property in Great Britain*, 1759; S. 32–64: K. D. Hüllmann, *Städtewesen des Mittelalters*, 1826–9.

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[Heft LIX], VIII.1852, franz., deutsch. 57 S. S. 1: Umschlag; S. 2: Inhaltsverzeichnis; S. 3–5: Johann Gottfried Eichhorn, *Allgemeine Geschichte der Cultur und Litteratur* ..., 1796; S. 6–16: John Millar, *Observations concerning the Distribution of Ranks in Society*, 1773; S. 16: G. Jung, *Geschichte der Frauen*, 1850; S. 17: J. A. de Ségur, *Les femmes, leur condition et leur influence dans l'ordre social*, 1803; S. 18–30, 43–8, 54–6: Wilhelm Wachsmuth, *Allgemeine Culturgeschichte*, 1850–1; S. 31–43: Christophn Meiners, *Geschichte des weiblichen Geschlechts*, 1788–1800; S. 49–50: Thomas, *Essai sur le caractère, les mœurs et l'esprit des femmes*, 1773; S. 50–1: William Alexander, *The History of Women* ..., 1782; S. 52–4: W. Drumann, *Grundriss der Culturgeschichte*, 1847; S. 57: Militärische Bibliogr.

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[Heft LX], X.1852, deutsch, englisch. 80 S. S. 1: Umschlag; S. 2: Inhaltsverzeichnis u. Notiz; S. 3–40, 47–51: Wilhelm Wachsmuth, *Allgemeine Culturgeschichte*, 1850–1; S. 41: Charles Knight, *Capital and Labour, including the Results of Machinery*, 1845; S. 41–6: Ferdinando Galiani, *Della moneta*, ed. 1803; S. 51–3: Roman St Kaulfuss, *Die Slawen in den ältesten Zeiten bis Samo*, 1842; S. 53–77: Wilhelm Wachsmuth, *Europäische Sittengeschichte*, 1830–3; S. 78: Notiz: 'Englische Kings und Queens'; S. 79–80: Notizen.

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[Heft LXIV], ab I.1853, englisch, deutsch, franz. 65 S. S. 1–7: Herbert Spencer, *A Theory of Population* ..., 1852; S. 7–16: George Opdyke, *A Treatise on Political Economy*, 1851; S. 16–22: Francis W. Newman, *Lectures on Political Economy*, 1851; S. 22–7: Thomas C. Banfield, *The Organisation of Industry* ..., 1848; S. 28: Thomas C. Banfield and R. C. Weld, *The Statistical Companion*, 1848; S. 29–33: Herbert Spencer, *Social Statistics* ..., 1851; S. 33: 'Notiz über House of Commons-Debat über Reform Bill', 1831; S. 34–43: Wilhelm Wachsmuth, *Europäische Sittengeschichte*, 1831–3; S. 44: Bibliogr. Notizen; S. 44–5: John R. MacCulloch, *Litterature of Political Economy*, 1845; S. 45–6: Gustav Klein, *Allgemeine Kulturgeschichte*, VI, VII, 1847–9; S. 47–8: *Indian Railways and their Probable Results* ..., 1848; S. 49: Prince Saltykow, *Lettres sur l'Inde*, 1849; S. 49–52, 57: John R. MacCulloch, *Dictionary of ... Commerce*, 1846; S. 52: *India, Great Britain and Russia*, 1838; S. 52–6: *Observations on India, by a Resident there* ..., 1853; S. 56–8: A. H. L. Heeren, *De la politique et du commerce des peuples de l'antiquité*, III, 1833; S. 59–61: *The Economist*, 22.I.–21.IV.1853; S. 62: Bibliogr. Notizen über Indien; S. 62–5: François Bernier, *Voyages: contenant la description des états du Grand Mogul* ..., 1830.

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[Heft LXV], VI.1853, englisch. 12 S. NB: Schriften, publ. durch d. India Reform Association. S. 1–2 no. I: *The Government of India since 1834*, 1853; S. 2–4 no. II: *The Finances of India*, 1853; S. 4–6 no. III: *Notes on India by Dr. Buist of*

Bombay, 1853; S. 6–8 no. IV: John Sullivan, *Extract from Mill's History on the Double Government* ..., 1853; S. 8–11 no. V: John Dickinson, *The Government of India*, 1853; S. 11 no. VI: *The Native States of India*, 1853; S. 11–12 no. VII: *India Wrongs without a Remedy*, 1853; S. 12: Bleistiftnotizen für NYDT-Artikel, 6.V.1854.

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[Heft LXVI], VI.1853, englisch u. deutsch. 52 S. S. 1: Umschlag mit Notizen; S. 2: Inhalt; S. 3–7: Thomas St Raffles, *The History of Java*, 1817; S. 7–9: Mark Wilks, *Historical Sketches of the South of India* ..., 1810–17; S. 9: J. F. Royle, *Essay on the Productive Resources of India*, 1840; S. 9: *An Inquiry into the Causes of the Long Continued Stationary Condition of India* ..., 1830; S. 9–12: Hugh Murray *et al.*, *Historical and Descriptive Account of British India* ..., 1832; S. 12–22, 24–32: George Campbell, *Modern India*, 1852; S. 23: George Campbell, *A Scheme for the Government of India*, 1853; S. 23–4: John Chapman, *The Cotton and Commerce of India* ..., 1851; S. 32, 37–9: Robert Patton, *The Principles of Asiatic Monarchies* ..., 1801; S. 33–7: *The Portfolio – or a Collection of State Papers* ..., I, 1843; S. 40: *Classified Index to the London Catalogues*, 1853; S. 41–2: J. P. Fallmerayer, *Fragmente aus dem Orient*, 1845; S. 43–4: Ersch u. Gruber, Dänemark; S. 43: Demographische Notiz über Dänemark; S. 44–7: Historische Übersicht über die schlesw.-holsteinischen Bewegungen; S. 47–8: C. F. Wegener, *Über das wahre Verhältniß des Herzogs von Augustenburg*, 1849; S. 49–50: J. G. Droysen and H. Samwer, *Die Herzogthümer Schleswig-Holstein und das Königreich Dänemark*, 1850; S. 50–2: Theodor Olshausen, *Das Dänische Königsgesetz*, 1838.

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